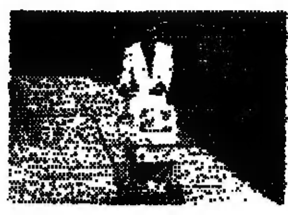
Road to growth

Europe's carmakers in a higher gear

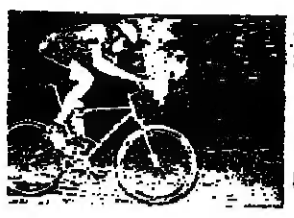
Page 11



Falling trend

Why east Germans stay childless

Page 10



Biking boom

Small shops fire a revolution

Page 8

TOMORROW'S **Weekend FT**

In Russia, rape victims suffer twice

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY AUGUST 12 1994 — D8523A

Thomas Cook buys rival travellers cheque supplier

Thomas Cook, the world's second largest supplier of travellers cheques after American Express, has acquired Barclays Bank's travellers cheque subsidiary, the third biggest supplier. The purchase increases Thomas Cook's share of the $54bn travellers cheque market from 17 per cent to 30 per cent, helping it to close the gap with American Express, which has 44 per cent of the world market. Neither side would disclose how much Thomas Cook was paying for the Barclays' company, Interpayment Services, the world's largest issuer of Visa traveller's cheques. Page 12

US nears telecoms reform: The US neared sweeping changes to its telecommunications law, after the Senate commerce committee agreed to a bill that would allow long-distance and local telephone companies, as well as cable television companies, to enter one another's markets. Page 12

Reed Elsevier, Anglo-Dutch information and publishing group, said it was considering a bid for either Ziff Communications, the world's largest publisher of computer magazines, or Mead Data Central – electronic information arm of US paper group Mead Corporation. Page 13; Lex, Page 12

Russian 1991 coup leader acquitted

Valentin Varenikov (left), former Soviet deputy minister of defence and one of the leaders of the failed 1991 coup, was acquitted of treason by a Russian court. The court ruled Gen Varenikov and his colleagues had been "guided exclusively by the state interests of the USSR". The verdict is an indication of the shift in public opinion since August 1991, when Muscovites took to the streets to oppose the coup. Page 2

Energy costs lift producer price index: The US producer price index rose 0.5 per cent in July, its largest increase in 15 months. The advance was almost entirely due to higher energy and coffee prices, and the underlying rate of US inflation at the wholesale level remained modest. Page 4

Giordano, the fashion retailer whose Beijing store was closed by China's Foreign Trade and Economic Commission on Monday, announced the resignation of non-executive chairman Jimmy Lai. Page 3

Cross-border deals rise: Mergers and acquisitions of companies across international borders reached $77bn in the first half of 1994, a 10 per cent increase on the second half of last year but still below the first half of 1993, a report said. Page 4

Most companies unprepared for Aids: Most multinational companies will find themselves inadequately prepared if an employee is diagnosed HIV positive, according to a study presented at the 10th international conference on Aids. Page 12

Moscow rail accident kills 21: At least 21 people were killed and 80 injured when a commuter train carrying local passengers ran into five derailed freight wagons in south-west Russia, near the border with Ukraine.

Royal Dutch/Shell announced a 7 per cent drop in second quarter profits on a replacement cost basis, but sought to offset the news with encouraging comments on the outlook for oil prices this year. Page 13; Lex, Page 12

Japanese electoral reforms: A Japanese advisory panel submitted a draft to prime minister Tomiichi Murayama for redrawing constituencies for the lower house, one of the main pillars of a political reform package that has dominated Tokyo politics in recent years. Page 3

Senate backs community banks: The Clinton administration completed the first item on its banking legislation agenda with a Senate vote to set up a $382m fund to spur the creation of local development banks and partnerships in economically distressed communities. Page 4

Disabled jobs threatened: The jobs of hundreds of disabled people in Britain may be under threat following a decision by employment secretary Michael Portillo to comply strictly with a European Union directive on competition rules. Page 5

Sri Lankan business fears poll upset: Sri Lankan businessmen are bracing themselves for the possible defeat in next week's general election of the ruling United National party which has governed the country for 17 years. Page 3

STOCK MARKET INDICES

FT-SE 100:	3,138.2	(-28.8)
Yield	4.01	
FT-SE Eurotrack 100	1,378.03	(-8.32)
FT-SE-A All-Share	1,576.04	(-0.6%)
Nikkei	20,821.38	(+51.11)
New York: lunchtime		
Dow Jones Ind Ave	3,753.81	(-12.95)
S&P Composite	458.84	(-1.46)

US LUNCHTIME RATES

Federal Funds:	4¾%
3-mo Treas Bills: Yld	4.48%
Long Bond	83⅜
Yield	7.63%

LONDON MONEY

3-mo Interbank	5$\frac{11}{16}$%	(5$\frac{5}{8}$%)
Liffe long gilt future:	Sep 100$\frac{11}{32}$	(Sep102$\frac{7}{32}$)

NORTH SEA OIL (Argus)

Brent 15-day (Sep)	$17.655	(17.63)

GOLD

New York Comex	$384.0	(382.6)
London	$377.2	(378.4)

STERLING

New York lunchtime:		
$	1.5495	
London:		
$	1.5328	(1.5404)
DM	2.4328	(2.4253)
FFr	8.3307	(8.3095)
SFr	2.0495	(2.0429)
Y	154.984	(155.814)
£ Index	79.4	(79.3)

DOLLAR

New York lunchtime:		
DM	1.56385	
FFr	5.3655	
SFr	1.3185	
Y	100.335	
London:		
DM	1.5872	(1.5745)
FFr	5.4351	(5.3945)
SFr	1.3371	(1.3263)
Y	101.115	(101.155)
$ Index	63.8	(63.5)
Tokyo close Y 101.3		

						Qatar	QR13.00
Austria	Sch32	Greece	Dr350	Lux	LFr65	S.Arabia	SR11
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	Singapore	S$4.30
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Slovak Rp	KSL50
Bulgaria	Lev80.00	Iceland	IKr215	Neth	Fl 4.00	South Africa	R12.00
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	Spain	Pta225
Czech Rp	CZK50	Israel	Shk6.80	Norway	NKr17.00	Sweden	SKr16
Denmark	DKr15	Italy	L3000	Oman	OR1.50	Switz	SFr3.30
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Syria	S£50.00
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Tunisia	Din1.500
France	FFr9.50	Kuwait	Fils.625	Poland	Zl 32,000	Turkey	L30000
Germany	DM3.50	Lebanon	US$1.50	Portugal(m'land) Esc225		UAE	Dh12.00

Rate rises throw markets into turmoil

Bond prices react badly to moves by Sweden and Italy

By Philip Coggan, Philip Gawith and Antonia Sharpe in London

Surprise interest rate rises in Italy and Sweden threw European financial markets into turmoil yesterday and triggered speculation that other continental central banks might follow suit.

The Bank of Italy raised two of its short-term rates, with the key discount rate increasing from 7 per cent to 7.5 per cent. In Sweden, the Riksbank increased its lending rate to banks from 7.5 per cent to 8 per cent, and the important money market repurchase rate from 6.92 per cent to 7.2 per cent.

Although the moves by the two central banks were widely seen to be motivated by domestic concerns, they sent shock waves through European bond markets because some investors regarded them as confirmation that continental interest rates were on the rise.

Markets are also nervous ahead of next week's meeting of the US Federal Reserve's open market committee, which many expect to lead to an increase in US interest rates.

The Bank of Italy also increased its Lombard, or fixed-term advances, rate from 8 per cent to 8.5 per cent, citing the need to defend the lira from speculative attack. However, the initial effect of the change was counter-productive. Yesterday evening, the lira was quoted at a record low of L1,016.50 against the D-Mark, compared with a London close of L1,005 10 minutes before the rate move was announced.

The Riksbank said its move was designed to counter inflationary pressures. However, the foreign exchange markets were unimpressed, saying that both central banks had failed to address the main issue worrying the markets – the large fiscal deficits of the two countries.

The Swedish krona was quoted in London at SKr4.987 against the D-Mark, off a low of SKr5 earlier in the day, but well below Wednesday's close of SKr4.940.

Ms Alison Cottrell, international economist at Midland Global Markets, stressed the detrimental impact of the moves. "Putting up rates doesn't make your currency stronger ... and it will be harder for the governments to fund," she said.

She cited the case of the the Italian national debt, much of which is financed on a short-term basis. Yesterday's change would add L3,000bn (£1.2bn) to the cost of debt service in the first year, she added.

European financial markets were surprised by the changes although Mr Keith Skeoch, chief economist at James Capel, said the rate increases were a "timely reminder that we are close to the turning point in world interest rates".

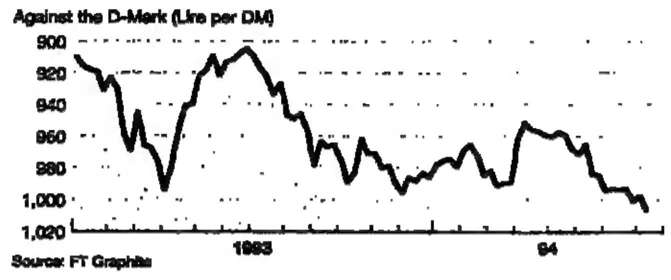
Mr Sanjay Joshi of Daiwa Europe said that markets reacted so badly because of "the fear that some of the smaller central banks, such as in Spain, Portugal, Belgium and Denmark will be forced to follow suit. Another fear is that this could be the final stage of a bond bear market".

Bond prices, which tend to move in the opposite direction to interest rates, fell sharply. In Italy, 10-year government bonds lost 2.6 points, pushing the yield

Continued on Page 12

Lira reaches all time low

Against the D-Mark (Lire per DM)



Source: FT Graphite

World Cup helps Philips to treble its profits

By Ronald van de Krol in Eindhoven

Philips, the Dutch electronics group, more than trebled its profits in the second quarter of 1994, beating even the most optimistic of analysts' forecasts.

The group also predicted a substantial increase in full-year earnings now that it has finally begun to feel the effects of economic recovery in some European countries.

Commenting on results so far in 1994, Philips said, "We are rather more encouraged than we were six months ago."

Net profit surged to Fl 402m ($223m) from a net result before extraordinary items of Fl 117m in 1993. The latest results take first-half net profit before extraordinaries to Fl 662m, a sharp increase from Fl 220m last year. Analysts had been expecting a doubling of results in the second quarter.

Turnover was up 6 per cent in the quarter, pushing first-half turnover up three per cent to Fl 27.96bn. Sales volume in the first six months rose by 8 per cent, easily outstripping an average 2 per cent decline in selling prices.

"Some of this growth comes from increased sales of televisions, stimulated by the World Cup in the USA, and is probably not sustainable," Mr Dudley Eustace, finance director, said.

Although Philips would give no details of television set turnover, the soccer-inspired sales are thought to be the main reason behind the 14 per cent increase in consumer electronics turnover in April-June.

Mr Eustace noted the decline of the dollar, which is negative for Philips, was another reason why the strong second-quarter and first-half performances could probably not be matched in the rest of 1994.

Philips's shares jumped to a new 12-month high of Fl 58.50 on the news but fell back slightly later in the day to close at Fl 57.80, a rise of Fl 1.90, or 3.3 per cent, from Wednesday's finish.

Mr Eustace said the heavy restructuring of the early 1990s was paying off, enabling Philips to turn its attention more fully to "revitalising" the company. On Wednesday, for example, it announced a Fl 500m investment in its Dutch semiconductor plant, representing the single biggest investment made since the company ran into severe difficulties in 1990.

In the first half, the semiconductors and components sector saw operating profit nearly double to Fl 750m from Fl 437m.

Consumer electronics swung into an operating profit of Fl211m from a loss of Fl 113m, reflecting in part a halving of losses at Grundig in Germany.

Reuter

Rwandan aid troops attacked in Goma

Demonstrators set up roadblocks in Goma, Zaire, yesterday, saying they were fed up with thieving by some soldiers sent to help in the Rwandan refugee crisis. At least six tractor-trailers bringing relief supplies to nearby refugee camps were stranded at the border because they were unable to navigate through the barricades.

Some refugees joined in as about 5,000 people filled the streets, throwing stones and taunting police after a soldier shot and killed a local man who had been changing money on the black market.

Goma has become increasingly tense since the refugees arrived in mid-July. Most refugees have been moved to camps away from Goma but thousands still live on the streets of the town.

Clinton threat to urge end of Bosnia arms ban

By Jurek Martin in Washington and Matthew Kaminski in London

President Bill Clinton yesterday set a deadline of October 15 for Bosnian Serb acceptance of an international peace plan or the US would urge the United Nations Security Council to lift the arms embargo on Bosnia.

The administration's purpose appears more aimed at heading off congressional moves to force the president into a unilateral lifting of the arms embargo than to put extra pressure on the Bosnian Serbs.

The president's proposal in a letter to Congress came just before the US Senate was due to consider a separate proposal to order Mr Clinton to lift US participation in the embargo by November 15.

"If by October 15 the Bosnian Serbs have not accepted the Contact Group's proposal of July 6, 1994, it would be my intention to introduce formally and support a resolution at the UN Security Council to terminate the arms embargo," Mr Clinton wrote to Senator Sam Nunn, chairman of the armed services committee.

The Bosnian Serbs have refused to accept a peace map drawn up by the so-called Contact Group, comprising the US, the UK, France, Germany and Russia, which has led the negotiations. The map roughly divides Bosnia-Hercegovina into equal shares between the Serbs and a Croat-Moslem federation.

Meanwhile, Russia yesterday called for the lifting of the economic embargo on Serbia, which has cut links with the Bosnian Serbs.

A foreign ministry spokesman said the sanctions are now "illogical and counterproductive", as Serbia appears to have kept its word on the blockade.

The president's letter to Senator Nunn states bluntly US concerns about the impact of unilateral action to lift the arms embargo, according to extracts made available to the Washington Post. It states that US relations with its allies would be "seriously strained," co-operation with Russia put in jeopardy and the likelihood of US military

Continued on Page 12

Managers deepen Russia debt crisis

By Chrystia Freeland in Moscow

Corrupt factory managers are exacerbating the debt among Russian business enterprises which is threatening to paralyse the country's economy, a government report has warned.

The mountain of debt, now estimated at nearly $15bn, has built up as businesses fail to pay suppliers, creating a knock-on effect that has left some companies unable to pay their employees.

The debt levels are seen as so dangerous that a government commission was convened last week to address the problem and is reporting weekly to the president and prime minister.

The government report, written by Mr Petr Karpov, deputy director of Russia's Federal Bankruptcy Agency, and based on a detailed financial study of 15 Russian enterprises, alleges that a small number of corrupt factory directors are helping to undermine Russia's financial system.

The report names specific Russian enterprises and accuses some factory directors of shipping goods, without receiving payment, in exchange for kickbacks.

"Immoral business is now a widely spread norm of economic behaviour, because it is profitable," the report concludes. It urges the government to curb these corrupt business practices by forcing loss-making companies into bankruptcy.

Inter-enterprise debt poses one of today's biggest challenges for the Russian government and is a test of Moscow's commitment to economic reforms.

The arrears, which have worsened since the Russian government tightened credit after its spring agreement with the International Monetary Fund, are affecting even the most sensitive sectors of the Russian economy, including the nuclear power industry and the ministry of defence.

Factory directors, who have been hard hit by the tight fiscal and monetary policies introduced by the government this spring, have allowed debt to accumulate, and avoided a painful restructuring.

But this pyramid of arrears is now becoming shakier as workers, like the strikers at the Smolensk nuclear power station in western Russia, are beginning to protest at delays of up to four months in payment of wages. The government is facing a choice between bailing out factories and perhaps triggering a new wave of inflation, or taking the political risk of forcing bankruptcies.

Tangled mesh of corporate debt, Page 2

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CONTENTS

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LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Swedish rate rises surprise markets

By Hugh Carnegy in Stockholm

Sweden's central bank yesterday announced an unexpected increase in interest rates, jolting Swedish financial markets, surprising markets elsewhere and heightening political tensions ahead of next month's general election.

The move, meant to stop signs of resurgent inflation, was the first increase in official interest rates since the krona was floated during a currency crisis in November 1992.

It ended a steady downward trend that has helped Sweden emerge from its deepest recession for 50 years. The Riksbank raised two of its three key rates. It increased its repurchase rate, the main short-term interest rate, by 28 basis point to 7.20 per cent and its lending rate by 50 points to 8.00 per cent. It left its deposit rate unchanged at 6.00 per cent.

Swedish markets, already nervous over the threat to economic recovery posed by the perilous state of public finances and uncertainty surrounding government policy after the election, reacted with alarm. The Stockholm stock exchange general index fell by 1.89 per cent, while market interest rates rose sharply. The yield on five-year government bonds jumped by more than 50 basis points past 10.90 per cent and the yield on 12-month treasury bills rose by 80 basis points to 9.60 per cent.

Mr Urban Bäckström, the Riksbank governor, said the increase was needed to counter a tendency towards higher inflation during the spring and summer as the krona weakened, the international economy strengthened and Swedish industry approached capacity ceilings.

The consumer price index showed an annual rise of 2.6 per cent in June, up from 1.8 per cent in March, threatening the Riksbank's long-term target ceiling of 3 per cent. "Inflation must not be allowed to re-emerge," Mr Bäckström said. "This view has broad-based support. The Swedish economy has paid a considerable price for the inflation of the 1970s and 1980s." He also cited "uncertainty related to the problems surrounding the public finances".

Economists in Stockholm said the rise appeared to be intended as a strong signal to political parties to enact tougher policies to deal with the big budget deficit and fast-growing public debt.

With government debt soon due to exceed 100 per cent of gross national product, Swedish market interest rates had already pushed up well ahead of European rates, leading the government to lower its GNP growth forecast for 1995 from 3 per cent to 2 per cent.

The centre-right coalition sought to blame the interest rate reverse on the imprecise economic policy proposals of the opposition Social Democratic party, which holds a lead in the opinion polls ahead of the September 18 election. "The markets have reacted with concern because they do not know what will happen if the Social Democrats win the election. Therefore interest rate increases are necessary to show that high inflation will not be acceptable," said Mr Bo Lundgren, the minister for taxation.

Mr Göran Persson, Social Democratic shadow finance minister, responded that the Riksbank measure "is the final rejection of the incumbent government's policies". But he refused to commit the Social Democrats, who have emphasised tax increases as well as savings to narrow the budget deficit, to greater cuts in public spending, which now accounts for some 70 per cent of GNP.

Italian central bank moves as lira hit by political uncertainties

Discount rate increases to 7.5%

By Andrew Hill in Milan

The Italian central bank unexpectedly raised its discount rate yesterday in defence of the lira, which has been hit by political uncertainty.

The half-point increase to 7.5 per cent, the first since September 1992, will take effect today. The Bank of Italy said the move was intended to prompt "a return to expectations coherent with the general economic conditions", end speculative activity and "avoid the build-up of inflationary tensions".

But the immediate effect of the rate rise appeared to be negative. The lira weakened against the strong German currency, reaching a new record of L1,016 against the D-Mark in trading after the early-evening announcement.

Evidence of rifts in the coalition government of Mr Silvio Berlusconi, following a series of political misjudgments, have also unsettled investors in Italian bonds and equities, in spite of attempts by the prime minister's supporters to dispel tension.

Yesterday the Christian Democrat Centre, smallest member of the Italian coalition, added its criticism of Mr Berlusconi to that of the populist Northern League, headed by Mr Umberto Bossi.

Arriving in Sardinia for a brief break on Wednesday night, Mr Berlusconi told Italian television he could not take a full vacation because "unfortunately, as you know, there are many people pulling against the interests of the country".

Yesterday Mr Antonio Tajani, the prime minister's spokesman, said on a radio phone-in programme that "attacks on the government are first and foremost attacks on the country. These midsummer controversies within the majority can't hide today's figures from Istat [the national statistics office] showing a strong industrial recovery."

The Istat figures showed that Italian industrial production grew by 5.3 per cent in June, compared with the same month of 1993, a particularly gloomy year for Italian companies. In the first six months of the year the production increase was calculated at 2.6 per cent.

In spite of the production figures, however, the Comit index of Italian stocks closed at 669.17, down 5.5 per cent over the last week. Analysts believe shares may suffer further today in the light of the Bank of Italy's announcement, which came after the market closed.

In the longer term, the rise in interest rates will also increase the cost of servicing Italy's large public debt, which stands at almost 120 per cent of GDP. Analysts estimate that each percentage point added to interest rates increases the annual cost of servicing debt by L15,000bn (£6.7bn), although it takes three years for such an increase to work through.

The interest rate rise will be unwelcome news for Italian companies. Mediobanca, the Milan merchant bank, yesterday said that corporate Italy reported an overall loss of L17,000bn in 1993, double the figure for the previous year. Medium-sized companies were in deficit for the first time in the last decade.

A deepening cloud of debt is enveloping Russia's factories, which are continuing to operate in their habitual, inefficient fashion. They have stopped paying their suppliers and their employees. In turn, their purchasers have stopped paying them. Tony Andrews

Tangled mesh of corporate debt ties down Russia's economy

Chrystia Freeland reports on how powerful enterprises are protecting themselves from the harsh realities of the market

Like the sorcerer's apprentice, thousands of Russian enterprises have been furiously churning out goods they are unable to sell and taking delivery of goods they cannot pay for.

This absurd practice has built up, by conservative estimates, a Rbs30 thousand billion mountain of inter-enterprise debt which presents so serious a threat to the Russian economy that an "emergency commission" established last week to address the issue has been reporting weekly to the president and prime minister.

"This problem is a very big and complex issue which it is difficult for a person from a normal country to understand," explains Mr Peter Karpov, deputy director of Russia's federal bankruptcy agency. "It is a product of our old system in which goods were traded according to a central plan, and money was like an amusing but insignificant little musical accompaniment."

The convoluted web of inter-enterprise debt is now threatening to paralyse the Russian economy. Workers at the Smolensk nuclear power plant yesterday continued their two-week-old strike, sparked by the power station's failure to pay wages for the past four months, which in turn has been caused by the Russian power grid's failure to pay the Rbs5.5bn it owes the plant.

Thousands of workers in less vital and potentially volatile industries have also been hit by the payments crisis. But to untangle the massive network of debt the government will have to take a fundamental, and potentially painful, decision about Russia's economic future.

The debt issue is the first and most fundamental test of the Russian government's commitment to economic reforms since this spring, when Mr Victor Chernomyrdin, the prime minister, impressed western financial institutions and halted the country's runaway inflation by introducing tighter fiscal and monetary policies. Gone were the soft credits which insulated many enterprises from the harsh realities of the market in the first few years after the collapse of communist central planning.

However, thousands of factory directors have found a way to evade the government's new austerity. They have continued to operate in their habitual, inefficient fashion, but have stopped paying their suppliers and their employees. In turn, their purchasers have stopped paying them.

"As one of the most powerful classes in Russia, the directors have a strong corporate mentality, and by not paying one another and accumulating huge debts they are protecting themselves from market reforms," says Mr Dmitri Vasiliev, deputy head of the state privatisation agency and a leading market reformer. "Their position today is simple: they are going to the government and, as always, asking for fresh credits to liberate them from the payments crisis."

A more nefarious motivation for the accumulation of inter-enterprise debt is suggested in a document circulating within the Russian government and obtained by the Financial Times. Based on an investigation of 15 companies, the report, written by the bankruptcy agency's Mr Karpov, argues that corruption, in the form of bribes given to factory managers to induce them to ship goods for which their enterprises are unlikely to ever be paid, is the principal source of mounting inter-enterprise debt.

The report accuses specific companies, among them the Yaroslavnefteorgsintez oil refinery in central Russia, which has arrears of Rbs375bn, of receiving "invisible commissions" from their debtors. In person, Mr Karpov is even more blunt. "There's a criminal element involved. Imagine I want to buy some oil from you on credit. You say fine. Then I lay some cash on the table and I'm happy and you're happy but the enterprise has an unpaid debt."

Mr Karpov maintains that about a thousand large enterprises, most of them in sectors with the ability to export, engage in these sorts of practices and bear the lion's share of the blame for the debt crisis. When these giants fail to pay their own suppliers "the creditors are either too embarrassed to say anything or too scared. They realise that if they complain too loudly they could wind up with bullets in their foreheads."

In his report Mr Karpov concludes that, as the non-payments crisis mounts, indebted enterprises are trying to portray themselves as "innocent and noble producers, victims of the arrears crisis, while the facts and scale of their immoral business are carefully concealed".

As reformers in the government concede, these indebted enterprises form a powerful lobby which is pushing for an old-style solution: lower taxes, easy credits and perhaps a freeze on some prices. If the government manages to stand up to the directors and take the option preferred by market reformers – to force them into bankruptcy – it would be the clearest sign yet that Russia is committed to building capitalism.

Germans pass free time in 'free' toil

By Christopher Parkes in Frankfurt

West Germans spend 60 per cent more time working for nothing than in their paid jobs, according to the results of a statistics-stretching exercise, published yesterday.

Official data on how people in the region pass their time show 47bn person-hours are consumed every year in paid employment, compared with 77bn in labouring unrewarded in the house, garden and toolshed.

For reasons which are not immediately obvious, the latter figure includes holiday and sick leave from paid jobs.

For equally obscure reasons, the federal statistics office has calculated that if bills for all this "free" toil were presented, based on an average housekeeper's net pay of some DM11 an hour, the region's gross domestic product would expand by at least DM860bn (£355m).

Counting in the "added value" generated by using the washing machine, car and other appliances, the figure inflates to DM1,000bn.

The data constitute "important and long-overdue recognition of the value of unpaid work to the community", Mr Hans Günther Merk, office president, said in a statement accompanying the release of a brochure entitled, "Where does the time go?"

The brochure contains the initial findings from a study in 7,200 households during 1991 for which all family members aged 12 and above filled in a log of how they spent their time for two consecutive days.

At a more accessible level, Mr Merk's team of analysts discovered that even west German men deliver 20 hours' free labour a week at home, while women in the traditionalist "kids, kitchen and church" society work an average 35 hours unpaid.

The average unrewarded working stint for the whole group was 28 hours a week. At the going rate for housekeepers this was worth DM2,550 per household per month.

Leisure consumed an average five hours a day, with the media, including two hours in front of the TV set, accounting for half the total. Adults devoted an average 30 minutes to sport and play, 15 minutes to "culture", and the rest to gossiping and entertaining.

All in all, the study found employed men put in a nine-hour working day, including jobs at home, while home-bound married women with small children worked the same length of time but without the benefit of a pay packet.

EUROPEAN NEWS DIGEST

German postal sell-off due to start in 1998

Germany's federal postal service aims to offer a first tranche of around 25 per cent of its shares on the stock market in 1998, Mr Klaus Zumwinkel, chairman, said yesterday. In the meantime, it plans to develop new customer services, which could generate some DM5bn (£2.06bn) in annual sales and create up to 30,000 jobs. These include in-house postal deliveries for corporate customers and electronics-based services. Mr Zumwinkel said the service was negotiating with several large companies, offering to deliver mail not only to central post-rooms, but also to individual offices. Electronic post offices, which receive transmitted messages and print them out before delivery, also looked promising, he said. This service has been available in Berlin, Frankfurt, Leipzig and Berlin since last year. In the mainstream parcel delivery business, officials said the state-owned service had a 26 per cent share last year of the national parcels market, when it increased volume 3.6 per cent to 667m deliveries. *Christopher Parkes, Frankfurt*

Telecom Italia gets approval

Italy's anti-trust authority yesterday gave the formal go-ahead to Telecom Italia, the telecommunications operator created from the fusion of five state-owned companies. But the authority warned the Italian government that if problems in certain areas of telecoms liberalisation were not dealt with quickly, "the competitive development of the markets could be compromised". The authority urged Rome to accelerate implementation of the EU's directive on liberalisation of telecoms data and added-value services, guarantee free and non-discriminatory access to networks, promote alternative networks, set up an effective independent regulator, and end potential discrimination in the maritime communications sector. Trading in Telecom Italia shares – which replace shares in Sip, the domestic telecoms operator – will begin next Thursday in Milan. *Andrew Hill, Milan*

Tapie fends off Crédit Lyonnais

The beleaguered Mr Bernard Tapie yesterday won a rare victory against Crédit Lyonnais, his bank which is pressing him over his FFr1.3bn (£156m) debts, when a Paris court decided that the left-wing entrepreneur did not have to repay a FFr300m loan. Crédit Lyonnais had claimed that Mr Tapie, a Euro-MP, had breached the terms of the loan, which the bank made last year to Olympique-Marseille, his football club. However the court concluded that there was no reason to force Mr Tapie to redeem the loan given that, under the terms of the original agreement, repayments are not due until September this year. *Alice Rawsthorn, Paris*

Poll on Slovak sell-off sought

Mr Michal Kováč, Slovak president, yesterday called a referendum for October 22, three weeks after national elections, to decide whether to require all Slovak citizens buying state property in the country's privatisation programme to state the source of their funds. The move was forced on the government by the parliamentary opposition, who claimed that a similar law passed by the government earlier this week did not go far enough. The law already passed, requiring potential buyers to give documentary evidence of the origins of their funds, was made just ahead of a second round of sell-offs due to start next month. The referendum is being used as a political weapon by the former prime minister, Mr Vladimir Meclr, who lost a confidence vote in March. *Vincent Boland, Prague*

Varenikov acquitted of treason

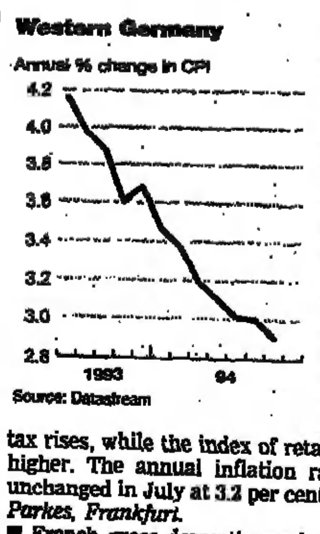
A Russian court yesterday acquitted one of the leaders of the failed 1991 coup of treason. The court ruled that General Valentin Varenikov, former Soviet deputy minister of defence, and his colleagues had been "guided exclusively by the state interests of the USSR". The verdict is an indication of how starkly public opinion has shifted since August 1991, when Muscovites took to the streets to oppose the coup. In a further revision of the general interpretation of the events as they were unfolding in 1991, the court also ruled that former Soviet President Mikhail Gorbachev was not a victim of the coup but, at the very least, a tacit supporter. This week's trial, during which even the prosecution argued for Gen Varenikov's acquittal, was another step in the public transformation of Russian hardline politicians from accused traitors to popular heroes. *Chrystia Freeland, Moscow*

Tension mounts in Chechnya

Tension mounted in the embattled Chechen republic yesterday, when Chechen President Dzhokhar Dudayev ordered total mobilisation of the region's men to prevent a possible invasion by Russia. Mr Dudayev's control over the breakaway region, which appeared on the wane early this month when Moscow stepped up its political and financial support of Chechen opposition forces, has appeared to strengthen recently. Local reports claim the threat of an invasion by Russia, which lost control of the area nearly three years ago, has rallied the fiercely clannish Chechens to their leader. Mr Dudayev has warned Russia that it would become entangled in "a second Afghanistan" and Moscow itself could fall victim to a "jihad" launched by the Moslem Chechens, who are renowned for their military prowess. These threats appeared not to be lost on Russian President Boris Yeltsin, who yesterday backed down from recent public sabre-rattling. *Chrystia Freeland, Moscow*

ECONOMIC WATCH

Inflation down in W Germany



Western Germany's annual inflation rate in July slipped below 3 per cent for the first time since April 1991, the federal statistics office said. Confirming a figure of 2.9 per cent calculated earlier from preliminary data, the office said the rate was 2.7 per cent if seasonal goods were excluded. Housing costs were 4.6 per cent higher than a year earlier, while services were 4 per cent dearer, although the month-on-month rate of increase had slowed this year. Car running costs were 4 per cent up on the year, thanks largely to fuel tax rises, while the index of retail prices was only 1.1 per cent higher. The annual inflation rate in eastern Germany was unchanged in July at 3.2 per cent, the office added. *Christopher Parkes, Frankfurt.*

■ French gross domestic product rose by 0.7 per cent in the first quarter of 1994, the state statistics institute Insee reported. This compares with an initial estimate of 0.5 per cent. The increase partly reflects a change in Insee's methods, but also an unexpectedly strong performance by the service sector and, to a lesser extent, by manufacturing.

■ The Danish government has upgraded its growth forecast for this year to 4.4 per cent from 4 per cent in May. However, it has revised down its 1995 forecast to 3 per cent from 3.4.

■ Spain's registered unemployment fell by a record 85,000 in July, but 16.5 per cent of the workforce is still idle, labour ministry figures showed.

■ The jobless rate in the Czech Republic rose to 3.2 per cent in July from 3.1 per cent in June. The total number of registered unemployed stood at 160,202.

Balladur's bulldog refuses to be muzzled

Alice Rawsthorn profiles Mr Charles Pasqua, France's pugnacious interior minister

Even the most ardent French conservative could scarcely deny that Mr Edouard Balladur's cabinet is, well, somewhat staid. Yet there is an exception: Mr Charles Pasqua, the interior minister, who, whatever else he has been accused of, could never be called boring.

The pugnacious Mr Pasqua, 67, with his bulldog features and booming voice, is rarely far from the headlines in France. Yet this week "Charlie" – as he is widely known – has attracted the attention of the international media over his clampdown on Algerian militancy which has involved more than 110 detentions, thousands of vehicle checks and the banning of five Islamist publications, culminating yesterday with the Socialist opposition lodging a formal complaint against him with the prime minister.

To the French, who still remember his first stint as interior minister during Mr Jacques Chirac's premiership from 1986 to 1988, this week's events simply represent a continuation of his characteristically draconian stance on immigration and terrorism.

In other countries, they act as an eerie reminder of the heavy policing in France under General de Gaulle during the 1960s.

Mr Pasqua is almost certainly flattered by such allusions. He loves to brag about being "the son, brother and nephew of policemen" and "Charlie's boys" have returned the compliment by regarding the interior minister as one of their own.

Moreover, Gen de Gaulle was the man who brought him into politics in the 1960s and has remained his idol ever since.

"Pasqua might toy with Balladur and Chirac but he's only ever recognised one political master and that's De Gaulle," said a senior conservative. "Besides, one of his strengths is that he couldn't care less what anyone thinks of him."

Mr Pasqua, after all, has had a much tougher trajectory than his cabinet colleagues, most of whom conform to the Gallic political cliché of comfortable careers as civil servants after graduating from the elite Grandes Ecoles. He was born near Marseilles, leaving him with a rasping Marseillaise accent with which he terrorises his posher fellow parliamentarians. He became a Resistance courier during his teens, working for a network led by his latterday foe, Mr François Mitterrand, the Socialist president.

He spent the 1950s and 1960s travelling up and down France as a sales director for Ricard, the drinks company, but also helped to found the infamous Service d'Action Civique, a militia that helped Gen de Gaulle's secret service fight against North African terrorists. He entered parliament in 1966 and has since relished his role as the Gaullist tough guy railing against everything from European union to Germany's inclusion in this summer's D-Day commemorative march along the Champs-Elysées.

Mr Pasqua, who once said "politics is like journalism, you've got to be a thug to get things done", frequently falls foul of other ministers, notably Ms Simone Weil, the influential health minister. "But Balladur knew exactly what he was doing when he appointed him," said one political analyst. "He needed someone to do his dirty work. Charlie was just the guy for the job."

Charlie is also an invaluable weapon for the Gaullists in curbing the popularity of Mr Jean-Marie Le Pen's extreme right-wing National Front. He has recently become a little *too* popular for the taste of Mr Balladur and Mr Chirac, both of whom have their eyes on the conservative presidential candidacy for next year's elections, although even Mr Pasqua's most ardent supporters suspect he is likelier to be a "king-maker" than a serious contender.

Yet he is still making the most of the publicity generated by this week's clampdown. Charlie was in fine form on French radio yesterday when he dismissed criticism of his tough tactics with: "You can't catch any fish if you don't go fishing."

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850, Fax ++49 69 5964481, Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell and Alan C. Miller. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International). ISSN: ISSN 0174-7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.
FRANCE: Publishing Director: D. Good, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.
DENMARK: Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK, Telephone 33 13 44 41, Fax 33 93 53 35.

Nigerians dig holes for jet fuel

By Paul Adams in Lagos

Nigeria has gold in the north, marble in the middle belt and oil in the south-east but in Lagos people are digging for jet fuel.

For the past month crowds have arrived in a patch of bush next to the international airport, carrying jerry cans and scooping the fuel out of pits they have dug in the ground or out of pools forming on the surface.

The jet fuel has leaked out of an underground pipeline running from the outskirts of the city to the hydrant installation at Lagos international airport. Jet fuel is a substitute for kerosene, which millions of Nigerians depend on for cooking but supplies are running out.

The place is called Mafoluku, but has been nicknamed "Bakassi", after the peninsula where troops from Nigeria and Cameroon clashed earlier this year, because it is full of oil and soldiers.

A platoon of soldiers guarding an office of the state-owned Pipelines and Products Marketing Company (PPMC) next to the pipeline shows no sign of interest while the people mill around shallow pits underneath two government signs which say "Safety on the job begins here" and "No smoking".

Mafoluku shows the extent of the break-down in the public sector and what many Nigerians will do just to get by in life. "There has been a leak there for about two years and despite repeated attempts PPMC have still not fixed it," says an executive for one of the oil companies which run the jet fuelling operation at the airport.

"It is not dangerous to use this for cooking, it's basically the same fuel. These people are getting it for free. There is no kerosene around because it is all being used as jet fuel to keep flights going."

Domestic fuels are supplied by PPMC and officially sold at a subsidised price of some 4 pence sterling a litre, but for most of this year it has been scarce. Long queues of women and children with their kerosene cans have become a normal sight outside petrol stations.

The six-week political strike by the oil workers' unions Nupeng and Pengassan has made fuel almost unobtainable except at a 1,000 per cent mark-up on the black market. Kerosene and LPG cooking gas can be bought only at black market prices 12 times the official price (around 50 pence a litre of kerosene).

Many manual workers are paid the equivalent of about £10 a week and cannot afford these prices.

Those who wish to play it safe are reduced to searching for firewood.

The unions are demanding the end of Gen Sani Abacha's regime and release of Mr Moshood Abiola, banned winner of last year's presidential election, who has been jailed for treason.

Last week's general strike is suspended until next Tuesday's hearing of the court trying Mr Abiola in Abuja. But the Lagos branch of the Nigeria labour congress has stayed out, bringing the commercial capital in Mr Abiola's Yoruba heartland near to standstill. A bank strike, just ended, delayed payments of July salaries; public transport is scarce; and power cuts are worse than usual. But some people have cooking fuel, unorthodox though it is.

Burundi fears of ethnic conflict

Burundi deployed more troops in the capital Bujumbura yesterday to try to quash ethnic clashes threatening to take it down the path of war-ravaged neighbouring Rwanda, Reuter reports from Bujumbura.

Japan's credit crunch threatens anaemic recovery

For the first time on record the economy has suffered a contraction in lending, writes Gerard Baker

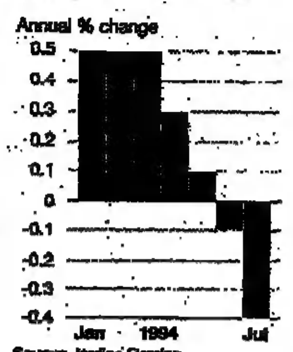
If Japan's anaemic recovery shows any sign of strengthening in the next year, it will not be thanks to the country's banks.

Figures published this week by the Bank of Japan show the economy is suffering from a severe credit crunch. Credit creation has been on a steeply declining path since the end of 1990, when the economy began its long recession, but in June and July, for the first time on record, the economy suffered credit contraction.

In June lending by domestic banks contracted by 0.1 per cent over the same month a year ago; for July the contraction was 0.4 per cent.

"Instead of injecting purchasing power into the economy, the major banks are actually withdrawing money," said Mr Richard Werner, chief economist with Jardine Fleming in Tokyo.

Japan: bank lending



Source: Jardine Fleming

The figures have renewed concerns that financial institutions, weighed down by their own bad debt burden, are increasingly reluctant to lend even to financially secure prospects.

The banks' defence is that they are simply helpless spectators at a beggars' banquet. The problem is not shortage of supply, they argue, but a lack of demand, as companies express little interest in borrowing to finance new investment.

Indeed, they point out, so severe is the dearth of demand for bank lending that they have in recent weeks pared interest rates to the bone for their larger corporate customers to entice them back, even at the risk of cutting further their slim profit margins.

But critics of the banks say their willingness to lend is increasingly selective. The prodigality that characterised the late 1980s so-called "bubble economy", when asset prices surged, has given way to a hyper-conservatism that is stifling investment and recovery.

The truth lies somewhere in between. There is certainly limited demand for credit from the larger companies. The Bank of Japan's last quarterly survey of business sentiment published in June revealed that most large companies were finding banks more, not less, accommodating than they were a year ago.

Their own reluctance to invest is striking. In the boom years, companies indulged in an excess of capital spending that resulted in widespread over-capacity when the recession took hold. Most of them now say they can meet a revival in demand without having to increase investment, and are therefore not in the market for bank loans.

Even if they were, the growth of raising finance in the security markets would enable them to overcome any reluctance on the part of the banks by simply issuing bonds or equities.

"Corporate demand for capital investment remains very weak," said a spokesman for the Federation of Bankers' Associations of Japan. "It may be true that banks have tightened lending criteria, but that's certainly less important than the lack of demand for borrowing."

That is not the experience of Mr Takanobu Matsuda. Mr Matsuda is the president of a small electronics manufacturer in Nagano in the Japan Alps. Earlier this year he needed funds to finance the sort of restructuring Japanese companies are being urged to undertake – to pay for severance payments as he cut the company's payroll – but was turned down. His business barely survived the experience and he is bitter about the episode.

"Small companies like ours, with little capital, are dependent on the banks for funds. Even though we have now completed the restructuring process and are growing again, we still find it difficult to borrow."

Mr Matsuda's case is typical of small companies. Banks may be willing to lend to larger ones, but see small businesses as too risky.

The reason, said Mr Werner, is that the collapse in property prices in the last few years transformed banks from aggressive lenders into models of parsimony.

"The assessment of credit risk is largely based on the archaic method of assessment of the value of collateral, mainly land," he said. While large companies, sitting on substantial land holdings, have no difficulty borrowing, small businesses are unable to convince banks that their collateral will hold its value, even if their cash flow and other business indicators are healthy.

Several banks have already had their own near-death experiences as a consequence of an expanding non-performing loan portfolio and are anxious not to repeat them.

Apportioning blame for the implosion of credit is ultimately an unproductive exercise. What matters is that money is now being drained from the economy. At the same time, public sector liquidity is also parched. Since credit creation represents purchasing power, the implications for the economy are disturbing. Without an early upturn in lending, whether supply- or demand-led, Japan's nascent recovery may prove short-lived.

PM given plans for new constituencies

A Japanese advisory panel yesterday submitted a draft to Prime Minister Tomiichi Murayama for redrawing constituencies for the lower house, one of the main pillars of a political reform package, Emiko Terazono reports from Tokyo.

The last phase of the reforms that have dominated Tokyo politics in recent years, the redefining of the boundaries of 300 single member constituencies, aims to eliminate discrepancies of voter representation.

Politicians have for long seen the old multi-seat system as the root cause of a string of funding scandals. Candidates, often from the same party, felt obliged to compete on the basis of lavish campaigns rather than on policies.

At present, there is a huge difference in the size of urban and rural constituencies. The plan presented yesterday reduces the level of disparity between the most populated electoral district in the northern island of Hokkaido and the least populated constituency in Shimane, western Japan, to 2.1 times, down from as much as three times.

As a result, rural areas will lose seats while cities will gain. Mr Jeff Young, political analyst at brokers Salomon Brothers in Tokyo, says the changes will eventually lead to more consumer oriented policies, and boost deregulation efforts.

Electoral reform will also reduce the number of seats in the lower house from 511, which are elected in multi-member districts to 500, of which 300 will be elected in single member constituencies and 200 will be decided by proportional representation in 11 regional blocks.

The passage of electoral reform legislation through parliament, which could come as early as next month, will pave the way for the government to enact the political funding bill, which will regulate the distribution of public subsidies to political parties. While parties in the ruling coalition – Social Democrats, Liberal Democrats and New Harbingers – are seen as wanting minimal changes in electoral boundaries, because of fears of losing their old support bases, they are not expected to haggle over electoral reform because they need funds.

Three hundred Islamic activists marched through Dhaka yesterday, demanding that Taslima Nasrin, the feminist author who has fled to Sweden in fear for her life, be brought back to Bangladesh and tried for blasphemy, AP reports from Dhaka. The protest march was organised by a coalition of 13 Islamic groups that want Ms Nasrin executed for a comment she allegedly made against the Koran.

For two months, Ms Nasrin hid in Bangladesh to avoid death threats by fundamentalists. She surrendered to a court in Dhaka on August 3 and was granted bail and permitted to travel outside Bangladesh.

Ms Nasrin flew to Stockholm on Tuesday and is living at an undisclosed location. "The government has connived with the infidel in allowing her to leave the country," Mohiuddin Khan, a protest leader, said. Before Ms Nasrin, 32, emerged from hiding, extremist groups organised large demonstrations against her. But since then, the turnout at anti-Nasrin rallies has been smaller.

Resignation of Jimmy Lai 'not connected' with virulent criticism of Chinese PM

Outspoken chairman quits HK company

By Louise Lucas in Hong Kong

Giordano, the fashion retailer whose Beijing store was closed by China's Foreign Trade and Economic Commission on Monday, yesterday announced the resignation of Mr Jimmy Lai, non-executive chairman. His successor, Mr Peter Lau, said the closure of the Beijing shop triggered Mr Lai's decision to quit.

However, directors said there were no grounds to connect the closure with Mr Lai's virulent criticism of Chinese premier Li Peng in his popular weekly Next Magazine.

Mr Jimmy Chan, executive director, said: "In the interests of the company we would separate personal views from the view of the board. The board do not share Jimmy Lai's views; therefore we found it would be beneficial for him to resign."

Although widely expected, the departure has delivered a jolt to the business community in Hong Kong, by far the bulk of whom are engaged in activities on both sides of the border. For those who refuse to accept the coincidence of the Beijing shop's closure and Mr Lai's open letter to Mr Li, this is the first blatant instance of Beijing dictating to Hong Kong business. However, few are prepared to voice their fears publicly.

Privately, a government official said: "This is going to seriously worry the community here in Hong Kong if they think Lai was forced to stand down because of political reasons, because such an action would strike at the heart of Hong Kong's future autonomy in terms not only of freedom of expression but non-interference in commercial affairs too. And these are the twin bedrocks on which the success of Hong Kong has been built."

Announcing the board decision yesterday Mr Lau, chief executive, said: "As far as the Giordano board of directors is concerned our primary responsibility is to all shareholders. If one [shareholder] happens to hold certain views which we may not think are beneficial to certain markets, then it is the directors' responsibility to bring this up in discussion with shareholders.

"As a non-executive chairman or as a shareholder who also holds an official position, I think the views he continues to express in his other businesses are not compatible at times with the markets that we operate in. The views he makes have no benefit to the company in these markets, and could hurt it."

The fate of the relinquished voting rights – attached to his 36 per cent shareholding – was still under discussion with the securities regulator last night. Initial plans to assign all voting rights to three executive directors, including Mr Lau, were quashed by the Securities and Futures Commission as a breach of the takeover code – which stipulates that a transfer of a holding in excess of 35 per cent be accompanied by a general offer. One option is for Mr Lai to abstain at all shareholder meetings.

Zaire's ministers 'paid $14,500 a month'

By Michela Wrong of Reuters in Kinshasa

Zaire's previous government paid its ministers salaries of $12,500 to $14,500 a month despite a financial crisis and grinding poverty, a report ordered by Mr Kengo Wa Dondo, the new prime minister, says.

The salaries would be generous in a western country but in Zaire, where a government clerical worker earns 17,000 zaires ($12) a month and an ordinary soldier gets 5,000 zaires, they are stratospheric.

The report, passed to Reuters and confirmed by ex-ministers, also says paymasters in the government of former prime minister, Mr Faustin Birindwa, actually drew between two and three times the authorised salaries from the Bank of Zaire and pocketed the difference before paying the cabinet.

Mr Kengo, appointed in June to head a government of national unity, has promised to put an end to the corrupt practices that dogged past administrations and to halt Zaire's financial collapse.

In Zaire, state office is traditionally viewed as an opportunity for amassing personal wealth, a fact President Mobutu Sese Seko has publicly acknowledged.

According to the document, dated July 26 and compiled by a former member of Mr Birindwa's cabinet, deputy ministers were paid $12,500 a month, ministers $13,500 and deputy prime ministers $14,500. No figure is given for Birindwa.

The payments were awarded at a time when Zaire was nursing foreign debts of $9.5bn and was shortly to have its voting rights at the International Monetary Fund suspended for non-payment of arrears. Local economists estimate the budget deficit for the first six months of 1994 at around $60m.

Former members of Mr Birindwa's government confirmed the details given in the report on Thursday, but said that during its 14 months in office only nine pay cheques were delivered.

They also revealed how the inner circle in charge of payments made further profits. Salaries were paid in zaires at an exchange rate chosen arbitrarily by Mr Birindwa, which was well below the market level, often halving the final dollar value.

Sri Lankan business fears poll upset

By Mervyn de Silva in Colombo and Stefan Wagstyl in New Delhi

Sri Lankan businessmen are bracing themselves for the possible defeat in next week's general election of the ruling United National party which has governed the country for 17 years.

They fear victory next Tuesday for the left-leaning opposition People's Alliance, an eight-party coalition, could bring political and economic uncertainty.

"Uppermost in the minds of most Sri Lankans in this election will undoubtedly be the maintenance of political stability," says the current issue of the Sri Lanka Exporter, a pro-government business magazine.

The opposition parties have given public assurances that they would not abandon the pro-market economic reforms carried out by the UNP over the past three years. Mrs Chandrika Kumaratunge, the opposition leader, has called for "structural adjustment with a human face". But businessmen fear her allies, which include the Communist party, will demand more radical shifts in economic policy.

Shares on the Colombo Stock Exchange fell sharply earlier this year when Mrs Kumaratunge began attracting huge crowds at rallies. But it has since stabilised.

The political uncertainty began in March with the ruling party's defeat in March in provincial polls – the UNP's first electoral setback in 17 years. Mr D.B. Wijetunga, who succeeded the assassinated president, Ranasinghe Premadasa, last May, tried to win back support with a string of populist financial hand-outs, including tax cuts and food-stamps for schoolchildren. But he failed to take the steam out of the opposition, especially the centrist Sri Lanka Freedom party, headed by Mrs Kumaratunge, the daughter of Mrs Sirima Bandaranaike, the former prime minister.

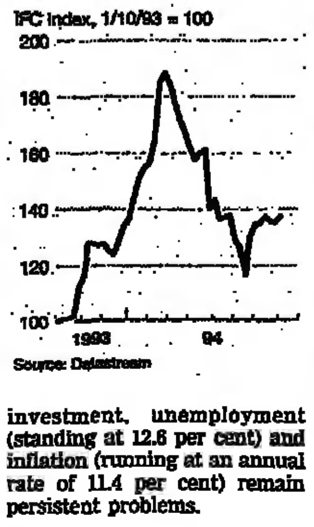
The general election was not due to be held until next year, after a presidential poll in November, but Mr Wijetunga has called an early general election in the belief that the UNP will do better in a party-based contest than in a head-to-head presidential battle between himself and Mrs Kumaratunge.

The UNP in its campaign is reminding voters that, under Mrs Bandaranaike's leftist government, the pre-UNP 1970s were for Sri Lanka "an era of ration cards, queues, quotas and shortages". Mrs Kumaratunge, herself a generation younger than Mr Wijetunga, appeals to voters who are too young to remember the 1970s and who believe that 17 years in power is long enough for any party.

Mrs Kumaratunge is also trying to exploit the fact that even though Sri Lanka has successfully opened its economy to international trade and investment, unemployment (standing at 12.6 per cent) and inflation (running at an annual rate of 11.4 per cent) remain persistent problems.

Sri Lanka

IFC Index, 1/10/93 = 100



Source: Datastream

NEWS IN BRIEF

China's exports up by 31.2%

China's exports continued to grow more strongly than imports in the seven months to the end of July, indicating a smaller trade deficit for the year than forecast, Tony Walker reports from Beijing. According to Chinese customs statistics, exports reached $58.74bn (£39.1bn), an increase of 31.2 per cent over the same period last year. Imports totalled $58.81bn, up 19 per cent. In July exports grew much faster than imports: they were up by 35.7 per cent compared with a rise in imports of just 9.7 per cent.

This indicates imports continue to slow in response to tight restriction on credit imposed in July last year and tightened in the early months of this year.

China last year recorded a $12.2bn deficit on its trading account compared with a surplus of $4.4bn in 1992. Chinese economists had forecast a $10bn trade deficit this year, but it now seems likely it will be less. Chinese customs reported that to the end of July, Japan was China's largest trading partner, with bilateral trade reaching $23.15bn compared with $20.98bn for Hong Kong and $17.2bn for the US.

N-team may visit N Korea

The US and its western allies may send a team of experts to North Korea to examine about 8,000 spent nuclear fuel rods that could soon pose a radiation threat, diplomats said yesterday, Reuter reports from Geneva.

Sending the team was part of an interim agreement being negotiated in US-North Korean talks in Geneva to allay fears over the fate of the uranium rods, they added. Wider negotiations on plans for North Korea to switch to a safer type of nuclear power technology were proceeding slowly and nothing more than a "modest" agreement was expected.

The heads of the two delegations, US assistant secretary of state Robert Gallucci and Pyongyang's deputy foreign minister Kang Sok-ju last met on Wednesday. Officials said Mr Kang and Mr Gallucci would meet again only if necessary. The talks are due to finish by tonight.

Poll fears hit NZ markets

New Zealand's National party should continue to govern even if it loses its parliamentary majority in tomorrow's by-election, Mr Jim Anderton, leader of New Zealand's left-wing Alliance party, said yesterday. Terry Hall reports from Wellington. Mr Anderton has said the opposition parties would simply insist the government acted in a consultative manner.

Financial markets have begun to react negatively to opinion polls which suggest the Alliance could win the election. This is being held because of the retirement of former finance minister Ruth Richardson from the former National stronghold in the Selwyn electorate.

The prospect of a loss has caused signs of panic within National, with Premier Jim Bolger warning of "economic chaos" if the Alliance wins. Financial markets reacted to his comments, with the New Zealand dollar falling, interest rates rising and the share market dropping, a Bankers' Trust economist said.

Australian rates rise likely

The prospect of an increase in Australia's official interest rates resurfaced yesterday after labour market figures showed a sharp increase in employment last month. Some economists predict the monetary tightening could come before the end of September, Nikki Tait reports from Sydney.

The figures showed a gain of 90,200 jobs, the third biggest monthly rise ever. The national unemployment rate fell from 10 per cent to 9.5 per cent, and is at its lowest level since June 1991.

Malaysia air plan shelved

Plans announced earlier this year for the formation of a second Malaysian airline have been indefinitely postponed, Mr Ling Liong Sik, transport minister, said, Kieran Cooke reports from Kuala Lumpur. Mr Ling gave no reason for the move.

In January, the government announced the go-ahead for the airline, to be called Air Asia. It was expected it would take over a number of domestic and regional routes from Malaysia Airlines, the national carrier. Hicom, the government's heavy industrial investment company which has recently been partially privatised, has a 45 per cent stake in Air Asia.

Manila record deficit

The Philippines recorded a $906m (£585m) trade deficit in June, bringing the total shortfall for the first six months of the year to a record $4.07bn, National Statistics Office data published yesterday showed, Jose Galang reports from Manila. The six-month deficit was 41.6 per cent higher than the year before.

The gap resulted from a much faster increase in imports, which rose by 26 per cent to $10.14bn, while exports grew by 17 per cent to $6.07bn. In June alone, imports reached $2.02bn, more than double the $1.34bn in the same month last year.

Indian monsoon hopes rise

The 1994 monsoon is bringing good rains to most of India for the eighth year in a row, to the relief of farmers and economic planners, Stefan Wagstyl writes from New Delhi. The Indian Meteorological Department said the monsoon, which started in early June and usually ends in September, has brought average or above-average rain to 29 of the country's 35 sub-divisions.

NEWS: THE AMERICAS

Survey shows rise in cross-border deals

By Bronwen Maddox in New York

Mergers and acquisitions of companies across international borders reached $77bn in the first half of 1994, according to a report published yesterday.

That represents a 10 per cent increase on the sums spent on deals in the second half of last year but is still below the $90bn of deals made in the first half of 1993.

One of the most striking trends revealed in the report by KPMG Peat Marwick, the accountancy and consultancy firm, is that the US has returned to "its traditional role as a magnet for foreign capital" helped by the weakness of the dollar and the resurgence of economic growth. In the first six months of the year, foreign companies spent $26bn on more than 300 acquisitions, joint ventures and minority investments in US companies. Foreign spending in the US is "on track to surpass last year's total by almost 50 per cent", the survey says.

That marks a reversal of the pattern of the last two years, when US companies spent more on acquisitions abroad than foreign companies did in the US. In 1992, US companies spent $22bn on 824 foreign deals, and imported $14bn through 528 transactions. Last year, US companies spent $38bn on 942 deals but foreign companies spent only $33bn on 570 deals.

However, despite the dollar's weakness this year against sterling, the historically strong level of deals between US and UK companies fell by 30 per cent to around $16bn in the first six months of 1994.

Last year, UK companies were responsible for four of the six largest foreign takeovers of US companies. But so far this year, SmithKline Beecham's acquisition of Diversified Pharmaceutical Services from United Healthcare has been the only UK deal to figure in the top six foreign takeovers by value as ranked by KPMG.

The report also notes a 70 per cent drop in spending by Japanese companies on foreign acquisitions, which may reflect political and economic uncertainty. There has also been a drop in spending in acquisition investment by all countries in Russia and China, from a total of $22bn in both countries in 1993 to $5bn in the first half of 1994.

Following last year's successful completion of the North American Free Trade Agreement, deals across US, Mexico and Canada appear to be sharply up in the first half of 1994. In Mexico, deals total $7bn so far this year, compared to $11.4bn in the whole of 1993 and $2.5bn in 1991.

KPMG Quarterly Survey of Cross-border Transactions, KPMG New York, Tel 212 909 5108

Legislation will allow easier access to credit

Senate backs community banks

By George Graham

The Clinton administration has completed the first item on its banking legislation agenda with a Senate vote to pass the Community Development Act, which will set up a $382m (£246.4m) fund to spur the creation of local development banks and partnerships in economically distressed communities.

But a more far-reaching bill to allow banks to open branches outside their home states, overturning decades of US banking tradition, remains blocked in the Senate. Although its supporters believe they will easily win a vote on the measure, which passed the House of Representatives last month, the debate on healthcare reform has pushed it off until September, at the earliest.

The Community Development Act was a significant component of President Bill Clinton's economic programme, and administration officials say it should improve access to credit for communities which have found it difficult to obtain financing.

Mr Frank Newman, undersecretary for domestic finance at the US Treasury, said he hoped within a year not only to establish the fund and set out the criteria on which it would judge applications, but also to make the first investments. The fund may offer equity, loans or grants to community development banks, as well as providing credits to traditional banks which increase their community lending.

If, as Mr Newman hopes, the Senate passes the Interstate Branching Bill this year, the administration still has unfinished business on its banking agenda when a new Congress comes to Washington next year.

Mr Newman lists the securities activities of US financial institutions, issues of fair lending and community responsibility for financial services companies which are not banks, and an overhaul of the Federal Home Loan Bank system as priorities.

But the issue which bankers will be watching most closely is the consolidation of the various agencies which now supervise banking activity.

Treasury proposals to consolidate federal bank regulators into a single agency were put off this year in the face of opposition from the Federal Reserve, which has supervisory responsibility for a large portion of the banking industry. Mr Newman said the Treasury was "pretty far along" in its efforts to resolve the disagreement with the Fed.

Energy costs lift producer index

By Jurek Martin in Washington

The underlying rate of US inflation at the wholesale level remained modest in July, in spite of the producer price index's largest increase in 15 months. The index's 0.5 per cent advance, after no rise at all in June, was almost entirely the result of higher energy and coffee prices, with the core element up only 0.1 per cent.

For the year to date, wholesale prices have risen at an annual rate of 2.2 per cent, which constitutes some recent acceleration as the rise over the last 12 months has been only 0.6 per cent.

The Commerce Department also reported yesterday a 0.1 per cent decline in retail sales in July, following a revised 0.8 per cent rise in the previous month. The drop was largely attributable to a 1.7 per cent fall in vehicle sales.

Although the jump in wholesale prices exceeded most market expectations, Wall Street took the new data in its stride, with the stock market climbing modestly in morning trading. This week's sharp drop in coffee futures removes one large element of the July increase.

Greater attention will be paid to the consumer price returns due to be published today, to the industrial production returns out on Monday and to next Tuesday's meeting of the Federal Reserve's open market committee, which may well result in the fifth increase in short-term interest rates since February.

Merrill Lynch's economic commentary yesterday was representative of market analysis. The latest data, it said, confirmed that the economy was on a path of moderate growth and low inflation and "should be read as encouraging news for the financial markets and for the Fed".

"Nevertheless," it continued, "we still expect the Fed to tighten monetary policy next week, probably raising the Fed fund rates by 25 basis points to 4.5 per cent."

On the wholesale front, energy prices rose 2.5 per cent in July, led by petrol, up 8 per cent, and heating oil, 6.4 per cent higher. Coffee prices were 42.8 per cent higher as a result of frost damage in Brazil. Overall food prices rose by 0.5 per cent.

The Labour Department also reported a small (6,000) weekly increase in the number of Americans seeking unemployment benefits. This now stands at a seasonally adjusted 321,000.

A paramilitary recruit sizes up a target during training in Port-au-Prince aimed at repelling any invasion AP

Haiti military leaders offered 'last chance'

Several Latin American governments are to send a mission to Haiti in an attempt to persuade the country's military leaders to step down and prevent a US-led military invasion to restore the exiled president, diplomats in Port-au-Prince said yesterday, writes Canute James in Kingston.

The move will come "in a few days" despite earlier doubts about its effectiveness.

The mission, which had seemed unlikely last week, would offer Haiti's military governors a "last chance to save themselves", by leaving office. If they did not, several countries which were now reluctant to support military intervention might change their minds, the envoys said.

Guatemala's chance not to 'shoot it out'

Edward Orlebar on elections for a congress that is intended to help bring peace

A former general accused of thousands of human rights abuses has emerged as the central figure in congressional elections in Guatemala on Sunday.

The election is for a reduced congress of 80 members who will serve only until January 1996. But they will have to legislate on commitments made by the government and left-wing guerrillas who are hoping to sign a peace agreement to end 34 years of civil war.

Leading the polls are two right-wing parties, the Partido de Avanzada Nacional (PAN), which has strong backing from much of the business community, and the Frente Republicano Guatemalteco (FRG), led by retired General Efrain Rios Montt, a former coup leader and rabid Christian fundamentalist whom human rights groups accuse of being responsible for thousands of political killings during his 18-month regime in 1982-83.

The government, which has already begun to lobby prospective deputies, is hoping that the new congress, unlike its predecessor, will be more receptive to what is expected to be a heavy legislative load.

But the election is also being seen as providing political parties with the opportunity to improve the abysmal reputation for venality and personal advancement that they currently enjoy.

"This is a last chance. If we don't make this work we'll have to shoot it out," says Mr Jorge Skinner Klee, a veteran congressman who is standing for re-election.

The PAN and the FRG are perceived as the parties least to blame for the political impasse which has characterised relations with the executive over the last year.

While the rise of Mr Rios Montt has alarmed human rights groups, popular organisations and intellectuals, his campaign, which emphasises honesty and a tough stance on law and order, has struck a chord with Guatemalans who feel besieged by the high levels of crime and are sickened by apparently endemic institutional corruption.

"Every time somebody's car gets stolen, a girl gets raped or a bus gets held up, that's another vote for Rios Montt," says Mr Skinner Klee.

The fact that two mass graves, with remains of civilian victims of massacres carried out by the security forces during Mr Rios's regime, are being exhumed appears to have had no effect on the electorate.

Supporters of the general admit that this is the beginning of a campaign for presidential elections in November 1995. His prospects then may hinge on whether his party gains a large representation in congress. "If the FRG wins a landslide, obviously it will strengthen his chances," says Mr Gustavo Porras, an analyst.

The election was brought forward by 15 months as part of a compromise constitutional reform package agreed between the government and congress in November after President Ramiro de Leon failed to muster enough political support to force a clean-out of a corrupt congress.

Mr De Leon, who says he has high hopes that he will be able to work amicably with the new congress, needs congressional approval before the end of September on a favourable deal struck with Paris Club creditors on rescheduled debt.

The government is also keen to push through fiscal reforms, blocked by the current congress, which would strengthen sanctions for tax evasion, and are intended to increase Guatemala's tax take from 8 per cent to 10 per cent of GDP.

NEWS: WORLD TRADE

Eximbank's credit role to be widened

By Nancy Dunne in Washington

The US House of Representatives has passed legislation which would allow Eximbank, the US government export credit agency, to broaden financing to include "non-lethal" products produced by US defence manufacturers. An identical bill is soon to be introduced in the Senate.

The bill represents an attempt by the Congress to give a boost to defence companies which are converting their factories to civilian uses.

Eximbank's charter always prevented it from support of defence sales in developing countries. It was changed in 1992 to prohibit military sales everywhere, the lone exception being for drug interception equipment. That paved the way for the sale of some helicopters to Hungary.

The current change arose from the loss of a US bid to sell an air traffic control system to Hungary. Eximbank refused to fund it because the system would also be used by the military. The bill, if passed by the Senate, would allow the financing of equipment and services, primarily for civilian purpose but occasionally used by the military.

Eximbank is undergoing a number of changes, as it becomes increasingly a key instrument of US foreign economic policy. Foreign aid is no more popular than it ever was, so it has been up to the bank and the Overseas Private Investment Corporation to take the lead in conveying US adjustment assistance to eastern Europe and the former Soviet republics.

It has signed a series of "project incentive" pacts with Russia, Turkmenistan, Belarus and Kazakhstan, and it is moving into limited recourse project finance.

This lending does not require the guarantee of the borrowing company's government. Instead repayment is guaranteed from the revenue stream of the product itself.

Another provision of the House bill authorises a $35m fund to promote the sale of environmental goods and services from small US companies. Pushed by Congressman Joseph Kennedy, a Massachusetts Democrat, the fund could generate up to $600m in sales.

Congress, meanwhile, is also boosting funds for the Opic, which provides loans and political risk insurance, and for the Trade and Development Agency, which lends money so that companies can make feasibility studies.

Taiwan, Singapore plan satellite link

Taiwan is to co-operate with Singapore in the manufacture and launch of a commercial satellite at a cost of US$215m, the head of Taiwan's Telecommunications Ministry said yesterday, Laura Tyson writes from Taipei.

Mr Steven Chen said contracts would be signed in October and the satellite would be launched in three to four years. Because Taiwan is not a member of the International Telecommunications Union, Singapore's orbit will be used.

The satellite would cover east and south-east Asia and China, he said. It would have 24 transponders, shared equally between the two countries.

The aim is to meet fast-rising demand for satellites from local broadcasters, television stations, defence and cable television. Seven transponders have already been booked.

Vietnam warning to foreign companies on licences

By Jeremy Grant in Hanoi

Vietnam has said it will fine the growing number of foreign companies that are abusing representative office licences issued by the government.

Representative offices are often an investor's first step into Vietnam but their licence only allows marketing and liaison. They are not allowed to receive income in Vietnam.

However, an increasing number of foreign investors are using them for trading and carrying out business transactions.

Foreign representative offices found violating their charter will be fined $50,000 and be subjected to surprise inspections by the Ministry of Trade, the government said. A further fine of $20,000 would be imposed for offices operating beyond expiry of their licence.

The Ministry of Trade is responsible for granting licences.

They say this happens because the rules applying to representative offices are not in keeping with the present investment climate.

"They were essential in the early years (of foreign investment) when people came to do feasibility studies," said one US consultant based in Hanoi. "But now people are actually trying to do business."

Vietnam's chamber of commerce and industry says there are 964 representative offices in the country, with 629 in the southern industrial hub of Ho Chi Minh City and the rest in the capital, Hanoi.

There are no official estimates of how many foreign companies are breaking the rules but local press reports citing violations have appeared more frequently this year. Most are understood to be small, Asian companies.

Many foreign companies, particularly lawyers, sidestep the restrictions by negotiating business contracts in Vietnam but actually sign them and receive fees at branch offices elsewhere in Asia.

Chile knocks on all trade doors

An export-based economy is seeking partners everywhere, writes **David Pilling**

When it comes to seeking out trade agreements, Chile is gaining the reputation of a bit of a flirt.

Not only is Santiago courting the US in the hope of consummating a free-trade pact, but it has also sealed an agreement with Mercosur that is expected to lead to associate membership of the emerging customs zone that covers Brazil, Argentina, Paraguay and Uruguay.

As if this were not enough, Chile is later this year due to join the Asia Pacific Economic Co-operation group (Apec), which it hopes will coalesce into a preferential trading area.

"We have come to the conclusion that the only way to gain access to other markets is by bilateral or regional negotiations," says Mr Juan Salazar, director of international economic relations at the Foreign Ministry. "After we had unilaterally opened up our economy, we supported the multilateral negotiations through Gatt [General Agreement on Tariffs and Trade] and the Uruguay Round, but this has not been enough – not all the world's markets have opened up as fast as ours."

Chile, with a domestic market of only 13m people, relies heavily on exports which account for nearly a third of its gross domestic product. It considers itself a "global trader", dividing exports evenly among Europe, the Americas and Asia.

"That's the reason we have all these simultaneous tracks, because we don't want to depend exclusively on one region, one partner or one country," says Mr Salazar. He admits, though, that wooing several partners at once is not without its risks. "Sometimes the message gets confused and people wonder what we're up to."

There is also evidence that the Foreign Ministry resents being excluded from high-profile talks with the US: the official view is that Nafta falls more logically to the Finance Ministry.

Whatever the complications, most exporters – ravenous for better market access – believe Chilean tactics strike a good balance. "It's right that we have different alternatives and discuss these issues at the same time – I see no problem with that," says Mr Claudio García, president of the Chilean-American Chamber of Commerce.

Mr García rejects arguments that the deal with Mercosur could jeopardise negotiations with the US: "I think the Americans know exactly what a free trade agreement with Chile means and I doubt that any other negotiations Chile may be carrying out will change their attitude."

Mr García says that, as well as stimulating trade, accords also provide arbitration mechanisms through which commercial disputes can be settled. Chile is still smarting from the 1989 poisoned grape fiasco when the US imposed a three-week embargo on Chilean fruit after discovering two grapes laced with cyanide. Such an incident, said to have cost $212m in lost revenues, is more readily avoided if there are "clear rules of the game", Mr García says.

Chile signed its first free-trade agreement with Mexico in 1991, after which trade between the two countries grew from $158m to $340m last year. This spurred the signing of similar accords with Venezuela in 1992 and Colombia in 1993, and the opening of talks with several other regional states.

Although Chile had long been suspicious of Mercosur, its attitude slowly changed as it came to realise that it could not ignore Brazil and Argentina, its third and fourth largest trading partners respectively. The relationship was sealed last week with a protocol expected to lead to associate membership for Chile.

Through Mercosur, Chile in turn hopes to win better access to European markets. "We have to belong to one of these major regional schemes so as to negotiate with Europe as a bloc," says Mr Salazar. "It would be very difficult for us to achieve a bilateral Chile-European Union agreement." The view of "fortress Europe" looms large, and Santiago is painfully aware that, alone, it lacks negotiating clout.

In the case of Asia, where Japan is challenging the US as Chile's principal trading partner and where trade is blossoming with countries such as Taiwan and South Korea, Santiago has opted to join Apec. Its hope is that this bloc too will develop into some kind of free-trade area.

That leaves Nafta, the biggest prize of all. Here Chile is hostage to political wrangling in Washington and can do little but wait and see whether the US Congress passes the fast-track authority needed to start formal talks.

"If President Clinton does not get fast-track authority before congressional elections in November, I think we're doomed to take more time. If he does ... there is a probability an agreement will be signed next year," says Mr García.

Mr Joaquín Vial, top adviser to the Finance Ministry, agrees that Chile must recognise its limited negotiating muscle and take its chances as they come. "Opportunities present themselves according to a timetable beyond our control. We are not in a position to say: First Mercosur, then Nafta and then Apec."

If the door is open, he says, one must run towards it. Like many officials, Mr Vial believes that flirting with all and sundry is not just an option – it is a "necessity".

PBN to upgrade aerospace link with Romania

By Paul Betts, Aerospace Correspondent

Pilatus Britten-Norman (PBN), the manufacturer of maritime patrol, surveillance and small commuter aircraft, is planning to strengthen its ties with the Romanian aircraft industry by either forming a joint venture or taking a stake in Romaero, the Bucharest-based aerospace company.

Romaero has been the main subcontractor of PBN for 26 years building the basic airframe of the Islander and the Defender, the military version of the twin engine propeller aircraft. The Isle of Wight-based company, owned by the Swiss Oerlikon-Buhrle group since 1979, now wants to consolidate its relationship with Romaero, said Mr Anthony Stansfeld, PBN's chief executive.

PBN is about to launch a larger version of its Defender surveillance aircraft at next month's Farnborough Air Show. The launch comes at a time when governments are stepping up their fight against illegal immigration and narcotics and are showing increased interest in patrol aircraft to monitor fishing zones. The fishing dispute in the Bay of Biscay has highlighted the role of maritime patrol aircraft.

The Defender, the military version of PBN's twin-engine propeller aircraft

Demand is also expected to increase with the ratification next November of the Law of the Sea Convention, which will encourage maritime countries to step up protection of their 200-mile so-called Exclusive Economic Zones (EEZ) under the convention.

PBN is also attempting to penetrate the Russian and Chinese markets by negotiating manufacturing agreements with Russian and Chinese aerospace companies. The company believes there is strong potential for its short take-off and landing commuter aircraft in both those markets.

"The idea is for our aircraft to be built in Russia and China," Mr Stansfeld said.

Although PBN now employs only about 190 people, its Islander aircraft has been one of the best-selling commercial aircraft produced in western Europe. Since it was launched in 1967, more than 1,200 aircraft have been sold in 120 countries and about 1,000 aircraft are still in service. The Defender was subsequently developed to expand the Islander's market base into the government agency and military markets.

NEWS: UK

EU directive threat to disabled jobs

By Lisa Wood, Labour Staff

The jobs of hundreds of disabled people may be under threat following a controversial decision by Mr Michael Portillo, the employment secretary, to comply strictly with a European Union directive on competition rules.

Mr Portillo has authorised the withdrawal of government departments from the Priority Suppliers Scheme, a programme that gave some priority to sheltered workshops like Remploy, which employ disabled people, in the award of government contracts.

The move, which followed a European Commission directive on public supply contracts, was bitterly condemned by political opponents of the government as an attack on the disabled.

Mr Alf Morris, a former minister for the disabled said: "The government quotes the EC only when it is convenient to them. They totally ignore the EC on other occasions such as the case of the Social Chapter. I'm certain the EC would not mean this legislation to be applied to the disabled."

The Commission itself expressed surprise at the speedy and unprompted compliance with the directive, which was issued on July 14.

UK appears to have been correct in its strict interpretation of the directive, which forbids special relationships with suppliers. But the Commission said: "We have not approached the government to abolish this system. There could have been other ways of dealing with this situation."

The Priority Suppliers Scheme was set up after the second world war to help workers in sheltered workshops, many of whom were disabled ex-servicemen.

The scheme enabled government departments to offer sheltered workshops the opportunity of matching the lowest tenders put in for contracts.

The Department of Employment yesterday said it was no longer possible for large contracts in excess of £150,000 to be placed under the scheme because of new EC rules on public procurement.

The Department of Employment insisted there were no plans to cut Remploy's state subsidy which will amount to £80m this year.

"The Employment Service is working with Remploy to find ways of avoiding any impact on Remploy workers," said a spokesman.

Hualon protests to be examined by government

By James Blitz

Sir Patrick Mayhew, the Northern Ireland secretary, said yesterday he would examine objections raised by leading British industrialists over the Hualon corporation's bid to build a textile factory in Belfast.

In a meeting with Mr Nicholas Winterton, the Tory MP and chairman of the Manufacturing and Construction Industries Alliance, Sir Patrick said he would "give full consideration" to claims that the Hualon project could lead to substantial losses in the textile industry on the UK mainland.

However, he gave no firm commitment to review the government's decision to give £61m in aid to the Taiwanese company to build its plant.

He also pointed out that potential job displacement had already been taken into account by ministers, and that state support for Hualon had been approved by the European Commission.

Mr Winterton was accompanied at the meeting by Mr Colin Shoane of the council of British Cotton Textiles and Mr Richard Gilmour, a director of Coats Viyella, the largest textile company in Europe.

Afterwards, the MP said he was pleased that Sir Patrick had allotted more than 90 minutes for the meeting, adding that the ground had been covered "extremely fully".

Textile manufacturers argue that the Hualon project would lead to job losses because of existing over-production of textiles in Europe.

Although more than 1,300 people could be employed by Hualon, it has been described by European businessmen as a "trojan horse" which could allow the South-East Asian textile industry to gain a prized foothold in Europe.

At yesterday's meeting, Mr Winteron emphasised that existing textile companies in Northern Ireland risked losing jobs if the project went ahead.

He claimed that one Northern Ireland company feared it could be "deskilled" through the Hualon operation sucking in its trained operatives.

The Northern Ireland Office reiterated yesterday that there was scope for Hualon to sell products to mainland Europe and the US, substituting products currently imported to Britain from South-East Asia.

In June Mr Edmund Gartside, chairman and managing director of Shiloh, one of the UK's last independent yarn spinners, said the government's decision to help Hualon was "ludicrous" and formed part of a long history of mismanagement of textile trading policy.

Troop levels move foreseen

The Chief Constable of the Royal Ulster Constabulary, above, said British troop levels on the streets of Northern Ireland could be cut if the IRA declares a prolonged ceasefire.

Ulster Unionist MP Ken Maginnis claimed Sir Hugh Annesley's remarks had been unforgivably careless and suggested he had "outlived his usefulness here".

Sir Hugh said: "If the threat was to tail down, then the level of overt army patrolling on the streets could be tailed down.

"But for anyone to suggest that the army could be removed is naive in the extreme."

Passport plan for cattle

By Deborah Hargreaves

The government is to consider issuing passports for cattle destined for the export market following the imposition of tighter European Union rules on the sale of beef carcasses to the continent because of fears over mad cow disease, Mr William Waldegrave, agriculture minister, said yesterday.

The EU introduced new regulations three weeks ago stating that beef carcasses cannot be exported from Britain unless traders can show a certificate stating that the animal has not been exposed to BSE (bovine spongiform encephalitis) for the past six years.

Sir David Naish, president of the National Farmers' Union, and representatives of the meat trade, met Mr Waldegrave yesterday to highlight the problems caused by the new rules.

Mr Waldegrave said cattle passports could be introduced on a voluntary basis to speed up the checking of cattle for export. The document would record the name and address of each owner of an animal as well as any auction markets through which it had passed.

The Ministry of Agriculture will also help exporters to trace the history of animals by releasing names and addresses of farms which have not had a case of BSE over the past six years. Sir David said the measures announced were a step in the right direction.

Britain in brief

Builders win £3.25bn in contracts

The value of overseas construction contracts won by British companies jumped by 16 per cent last year to £3.25bn. Orders were almost 50 per cent more than in 1991 according to figures published yesterday by the environment department.

The biggest rise was generated from other European Union countries where orders increased from £70m in 1992 to £234m last year. This was in spite of a general decline in European construction output last year.

The department said the rise reflected successful attempts by British companies to break into EU markets through acquisitions, mergers and joint ventures, rather than the award of any single large contract.

The total value of European contracts, including those from non-EU countries, increased by 48 per cent from £184m to £273m. There was also a big increase in Middle Eastern work where the value of new contracts increased from £235m to £400m.

Record use at Heathrow

London's Heathrow airport had its busiest ever month in July, handling more than 5m passengers, helping push passenger numbers at BAA's UK airports to a record 9.1m.

The Heathrow figure was 8.7 per cent up on July 1993, while the upturn in package holidays took figures for London's second airport at Gatwick up 7.1 per cent to 2.4m.

The biggest sector increase last month was in European charter passenger numbers which rose 14 per cent. UK domestic numbers were up 10 per cent, European scheduled services up 8 per cent and North American numbers up 4 per cent.

House sales show drop

House sales last month fell by almost a tenth compared with July last year according to a survey of more than 4,000 estate agency offices handling about a half of all sales.

The survey by the Ombudsman for Corporate Estate Agents, covering 26 of the largest estate agency chains, provides further evidence of the slowdown in the housing market which has occurred since early spring.

It said that potential purchasers were concerned about possible rises in interest rates and lacked confidence.

Sales were also 12.1 per cent lower than June this year. A sale is recorded if finance has been arranged, solicitors instructed and no chain is involved. The OCEA began compiling figures in 1991.

Fishermen win backing

Mr William Waldegrave, minister for agriculture and fisheries, yesterday reassured Cornish fishermen that the Royal Navy was present in the Bay of Biscay to protect them. In a meeting with Mr Mike Townsend, chairman of the Cornish Fish Producers Association and Cornish MPs, Mr Waldegrave said he had tried to clear up misunderstandings about net measurements which had caused two trawlers to be sent back to port.

Mr Paul Tyler, Liberal Democrat MP for North Cornwall, said that, in agreeing to meet the fishermen, Mr Waldegrave had effectively admitted that the Navy had been over-zealous in enforcing European Union rules on drift net size.

Travel sector escapes probe

The Office of Fair Trading cleared the package travel industry of anti-competitive behaviour and said no formal action against large holiday companies was necessary.

Sir Bryan Carsberg, director general of fair trading, said consumers had a wide choice of competitively priced holidays, despite ownership links between large tour operators and travel agents. He said the links did not prevent smaller companies from selling their holidays.

Sir Bryan added: "Vertical integration may make it more difficult for newcomers to enter the market, but there is no evidence at the moment that any of the leading operators with agency links have been able to insulate themselves from competition."

Nuclear lab inquiry call

Cumbria county councillors decided to ask environment secretary Mr John Gummer to call in the planning application by Nirex, the nuclear industry's waste body, for a £120m rock laboratory beneath at Sellafield.

The council believes consideration of the plans for the rock laboratory, the first major development associated with Nirex's proposed £2bn underground nuclear waste repository, should be part of a wide-ranging public inquiry into the whole issue of nuclear waste disposal.

C&G scheme for Lloyds cash

The new scheme put forward by Cheltenham and Gloucester Building Society for sharing out the £1.8bn cash offer from Lloyds Bank would increase the payments to members to up to £13,500 for each qualifying account.

If the revised arrangements – which exclude from payments both borrowers, and investors of recent standing – are still effective in securing the approval of C&G members for the deal, the completion of the transaction could sharpen the interest of other financial organisations in acquiring a building society.

The original announcement in April sparked renewed speculation that banks and others would target societies for agreed takeovers, since it appeared to overcome some of the difficulties previously associated with such bids. But a court ruling which restricted cash payments showed that some of the hurdles in obtaining the necessary high levels of support from society members to such a deal remained in place.

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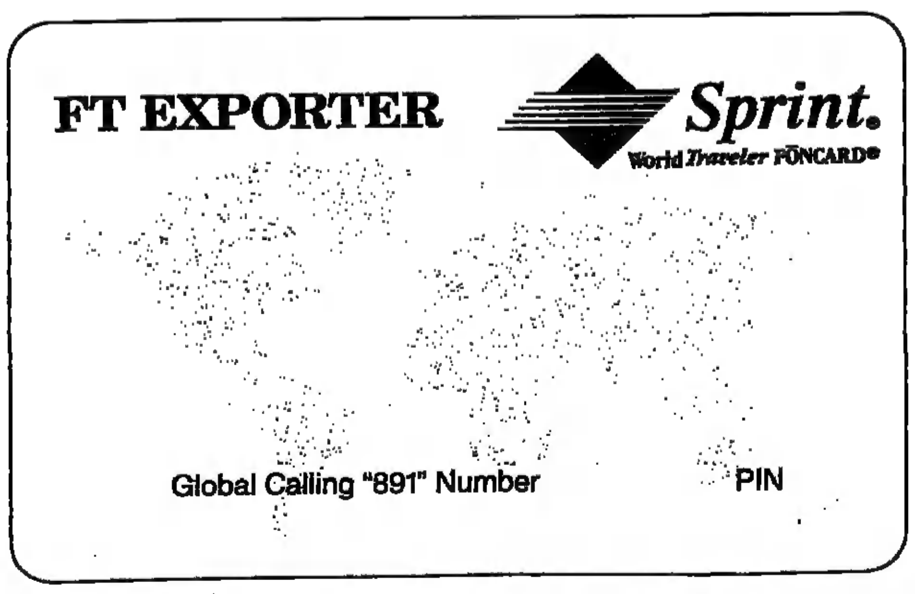

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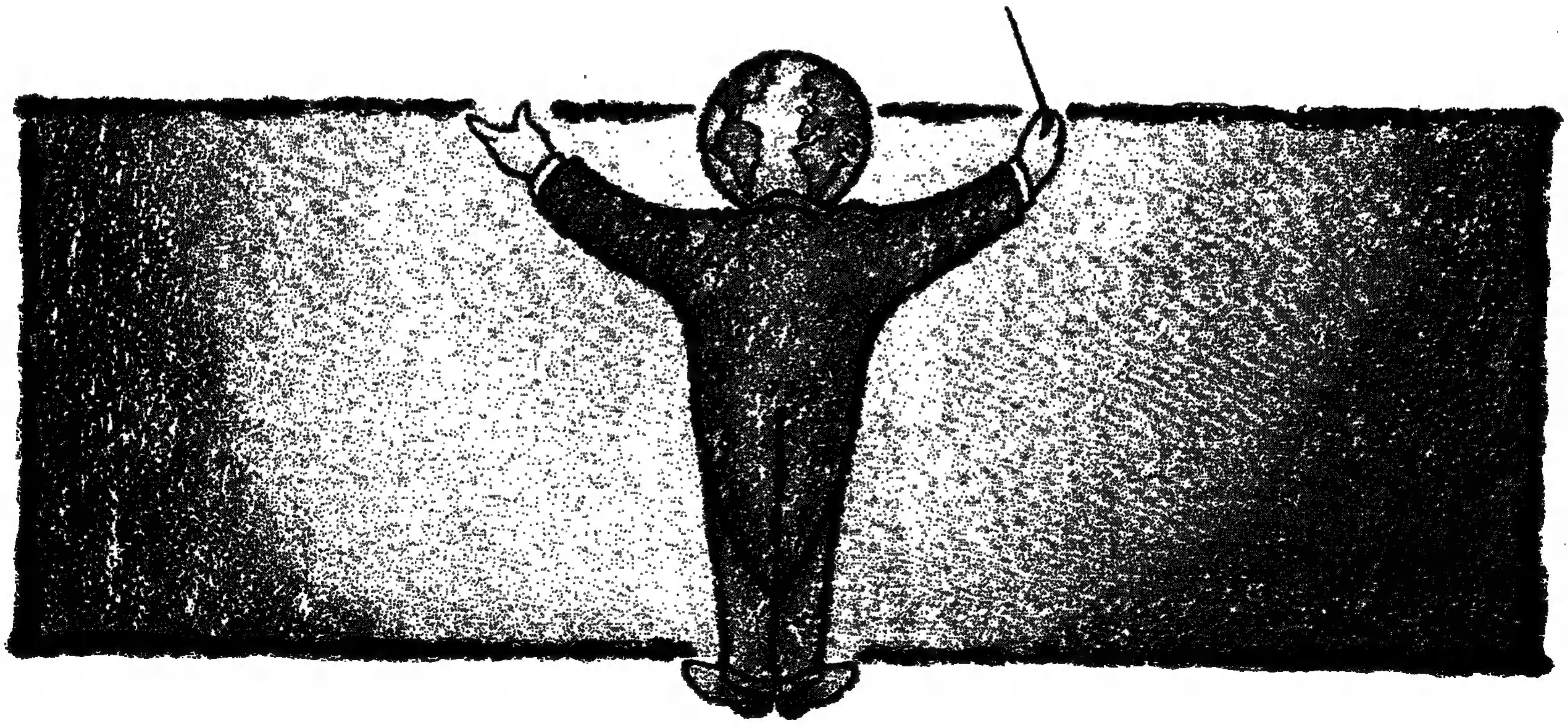

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MANAGEMENT

CHRISTOPHER LORENZ

New light on the Grail of corporate renewal

Like a politician's perennial promise of light at the end of the tunnel, top managers are forever telling their long-suffering staffs that successful corporate renewal is just around the corner. More often than not, their declarations are as empty as the politician's. The corners prove as unending, and the light illusory.

Westinghouse, the troubled conglomerate which was once the worthy arch-rival of US General Electric and a host of European companies, has declared victory in its battle for strategic and organisational renewal on at least three occasions during the past decade. Each has proved a false dawn: the company has declined further and had to begin the process again.

Westinghouse is far from alone. In the US, Eastman Kodak and IBM have made successive attempts to revitalise themselves, with little success until now. In Europe, most British clearing banks, like several continental *electronics manufacturers*, have encountered similar barriers with successive "change" programmes. In Japan, Mazda, Yamaha and Matsushita have made highly publicised but hitherto ineffective efforts at renewal.

The roots of this corporate sclerosis are intricate and intertwined, but two causes are particularly troublesome. Both are self-inflicted.

First, many top managers fail to recognise how complex their organisations are. Far from being machines which can be changed by the hasty pulling of a few levers, they are complex, organic systems in which – if the desired transformation is to take place – a protracted series of linked actions has to be carried out.

The second reason companies fail to transform themselves, despite any amount of new visions, "re-engineering", and other changes, is because they fail to establish an entirely new internal climate. The "smell of the place", manifest in small details of how the organisation feels and functions, is unaltered.

Sumantra Ghoshal and Christopher Bartlett, business school professors from Insead and Harvard respectively, call this climate the "behavioural context" of an organisation. They say that Westinghouse is trapped in an authoritarian climate where roles and relationships are characterised by four self-reinforcing "Cs": compliance, contract, control and constraint.

By contrast, US General Electric, ABB, Canon and other companies have broken out of this straitjacket and converted to a much more healthy quartet of characteristics: discipline, trust, support and stretch. These have been practised for years by consistently innovative companies such as Andersen Consulting, Intel, Ikea, Kao of Japan, and 3M.

In an article about to be published in the US-based Strategic Management Journal*, Ghoshal

Discipline is fostered by standards to which employees feel committed, plus rapid feedback

and Bartlett explain the practical workings of a "quality of management" model which they, with several of Ghoshal's colleagues at Insead, have developed around the four characteristics.

Individually, the four facets of the model will be familiar to readers of literature about the management of change. Like most models, it is also a very simplified representation of reality. But it has two considerable virtues.

First, Ghoshal and Bartlett do not have a behavioural science background – both have worked mainly in strategy, organisation and general management – so their discussion of the differences between the four facets, and the interaction between them, is low on jargon. For instance, they show clearly how discipline and stretch are each ineffective without the other.

Second, they explain how each characteristic can be reinforced by several very practical actions.

● Discipline. Unlike compliance, this does not rely primarily on authority relationships or management policies. In organisations such as Intel and Andersen, self-discipline is encouraged through the careful socialisation of employees and becomes second nature to them. That is a fine distinction, but a vital one. Discipline is fostered by the provision of clear standards to which employees feel committed, plus open and rapid feedback.

● Support. Traditionally, delegation from boss to subordinate is policed by top-down control. By contrast, the academics say that even at disciplined and performance-orientated companies such as Intel and Anderson, managerial relationships are unusually supportive. This atmosphere – usually called "coaching" – also fosters collaboration between colleagues.

● Trust. Instead of increasingly impersonal and distant (or "contractual") relationships, most companies that have been able to renew themselves permanently have built trust and openness into their behavioural climate. To achieve this, fairness, involvement and levels of competence have all been increased.

● Stretch. In most companies, people's horizons and creativity are constrained by the organisation's relatively low and short-term ambitions. In self-renewing organisations, the internal climate encourages – even induces – employees to strive for far-reaching objectives.

As practising managers will recognise, the model is more challenging than it looks. The creation of an environment which is disciplined and stretching, yet supportive and trusting, is far from simple – especially for people used to taking decisions, rather than helping others make them.

Whatever some top managers may think or pretend, corporate renewal is a long, treacherous and winding road. Above all, it requires their own roles to change. A bunch of relentlessly hands-on drivers must become navigators-cum-social engineers.

**Linking context and action: toward a theory of quality of management. SMJ Summer 1994 special issue (15). Fax (US) 317 463-6746.*

The Church of England is a £630m-a-year operation but it lacks a centralised management structure, writes **Alan Pike**

Unravelled cloth

The problem with the Church of England, a member of its general synod commented during a debate on the church's financial troubles last month, is that it has 43 different management structures.

Unfortunately, the real problem is that this is an over-simplification. The speaker had in mind the fact that each of the church's 43 dioceses is largely autonomous. That would create enough problems for the central management of any large organisation. But in the Church of England, the central management does not exist.

There is no shortage of structure. In addition to the 43 dioceses there is a policy-making General Synod, the Church Commissioners, the Central Board of Finance, a pensions board and the offices of the Archbishops of Canterbury and York.

Yet the church is a £630m-a-year operation for which no single body has overall managerial responsibility. Church leaders, faced with the biggest financial pressures of modern times, recognise this as a source of inefficiency in decision-making that must be changed.

A variety of interconnected problems came to a head with a £800m slump in the value of the Church Commissioners' assets between 1989 and 1992, caused mainly by over-investment in property.

Although the asset values have since begun to recover, the collapse brought belated recognition that the church had become over-dependent on the commissioners, who contribute to clergy stipends and housing and provide pensions.

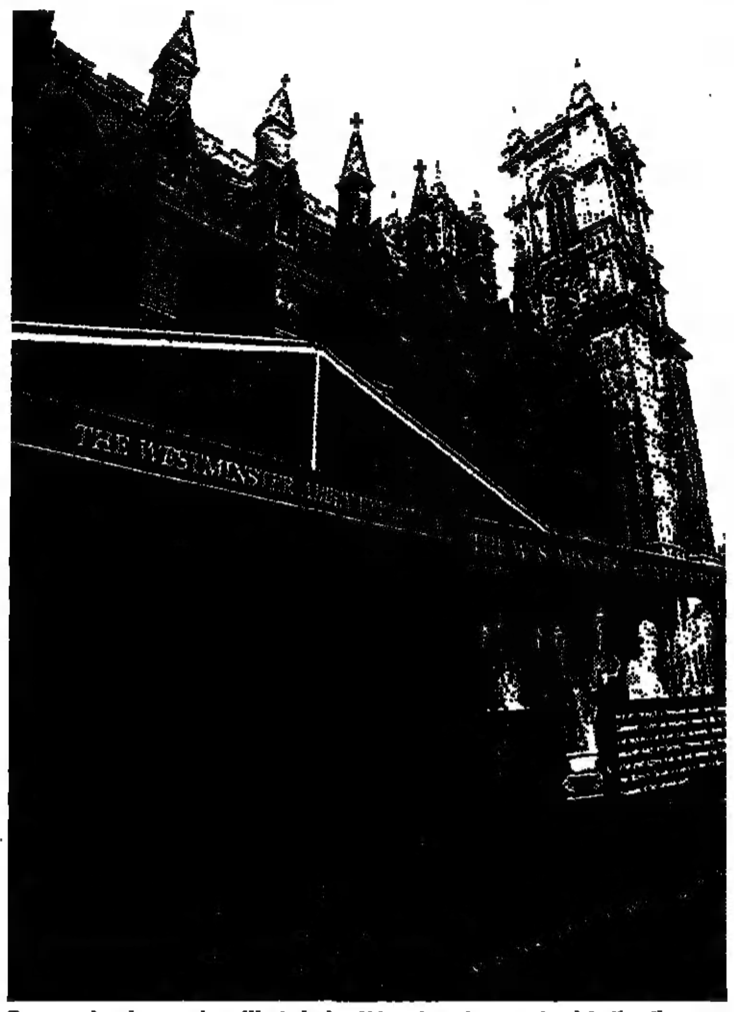
Churchgoers are already painfully aware of the consequences for them – parishes must meet more of the clergy pay bill, while dioceses are likely to have to start financing pensions under plans to be published later this year. But the consequences for the way the church is managed will be equally far-reaching.

A commission chaired by Rt Rev Michael Turnbull, incoming Bishop of Durham, is reviewing the entire central organisation and policy making structure, and its relationship with dioceses and parishes.

Commission members began work with a presentation on management structures from Charles Handy, visiting professor at London Business School, discussing with him issues like the fashion for federal organisation in companies. But although the Church of England has in many ways the ultimate federal structure, comparisons with business have limitations.

"We have an organisational structure that in some senses is very progressive and accords with modern management thinking – indeed, a number of fashionable terms like mission statement and subsidiarity have religious origins," says Philip Mawer, general secretary of the Church of England general synod and a former senior civil servant.

"But even in federally structured companies, there are ways for the central management to exercise control. The downside of our highly dispersed and locally-based structure is that we do not have arrangements at the centre to pull the threads together. There is no Church of England board."


Famous churches, such as Westminster Abbey, have become tourist attractions

Although Bishop Turnbull has described the existing structure as "clumsy and cumbersome", his commission is unlikely to propose simply sweeping it away when it reports next year – that could be a recipe for a debate lasting a decade. Radical change is, however, possible. One idea being discussed would amalgamate the officials of bodies like the synod and Church Commissioners into a single central support staff.

A similar approach could apply locally, creating Church of England area offices to provide services to groups of bishops and dioceses. As well as saving on administration costs, this form of organisation would increase the scope for spreading common policies – and more of a "corporate culture" – within the fragmented structure.

Two reports to be published in advance of Turnbull this autumn will increase pressure on the church to adopt a more overtly managerial style.

A study of clergy conditions of service will address the future of the freehold system, by which most incumbents have total job security until they choose to move or to retire. That is likely to lead to more formal ways of dealing with individuals who underperform.

The second report will consider the way cathedrals are run. Famous historic churches are not only places of worship – many are large tourist attractions competing in increasingly commercial style for a share of the leisure market.

The extent to which such business activities have moved beyond bookstalls and brass rubbing is illustrated by the Westminster Abbey Experience currently being offered to visitors to London. It is a mixed-media show in a temporary auditorium alongside the abbey which, by using archive film and a replica Coronation Chair, "draws on techniques more familiar to theme parks and the theatre", as the authorities admit.

Yet cathedrals are run by dean and chapter in a managerial style that appears as ancient as most of the buildings. With members of the commission producing the report including Ian Hay Davison, chairman of Storehouse, and Peter Burnham of Coopers & Lybrand, a more business-like approach to the church's commercial activities may well be recommended.

Ultimately, however, the church is not a commercial organisation but a voluntary one. While, in common with many charities, it faces pressures familiar to private- and public-sector managers, its viability depends ultimately on financial support from individuals. There are dangers that this might be jeopardised by an excessively professional, businesslike style.

Cut your coat according to the cloth may be a basic management commandment, but it will not prove an easy one for the men and women of the cloth to follow.

PEOPLE

Lunn's last order at J.D. Wetherspoon

J.D. Wetherspoon, the fast-growing chain of pubs whose reputation is based on cheap beer and no juke-boxes, is having growing pains. Keith Lunn, 38, who was responsible for the day-to-day running of the 87-strong chain, has quit as retail director.

Tim Martin, the 39-year-old founder of the group, said that Lunn's departure had been "mutually agreed". Lunn, who had been with the group for four years, is the first main board executive director to quit since it was floated on the stock market in October 1992. A few months ago Martin's younger brother, Gerry, left the group in order to run his local pub in Barnet.

Martin refused to elaborate on the company's brief statement to the stock exchange. However, it is believed that Lunn's departure may have been prompted by the arrival of Mark McQuarter, 34, who joined as Wetherspoon's first managing director in May. McQuarter, a Scottish chartered accountant, had worked for NatWest's venture capital arm in Scotland and before that had been with Scottish & Newcastle Breweries.

Lunn is not being replaced on the main board but his operational responsibilities will be undertaken by John Hutson, 29, a general manager who joined the group in January 1991.

Since the company came to the stock market just under two years ago, its profits have grown rapidly and its stock market capitalisation has more than trebled to £140m. Wetherspoon is one of the first of a new generation of specialist pub retailers and has made a name for itself by developing new pubs out of vacant bank branches or empty supermarkets. Apart from its special retailing format, its skills are said to lie in its ability to win planning permission and get its outlets licensed. The number of its outlets has doubled since flotation and it is planning to open another 20 in the coming year.

In March it raised £22m in a rights issue and analysts are expecting the company to increase its profits from £4.2m to £6.2m when it reports its results for the year which has just ended.

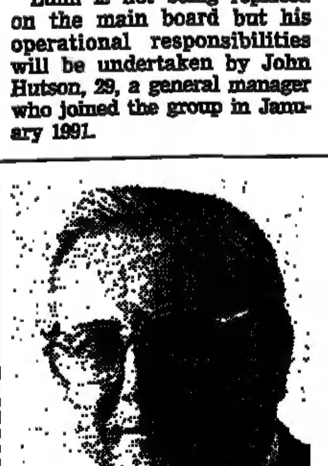
Turkey, Israel, Portugal. . . and Switzerland

UBS, keen to build up its southern and eastern European emerging markets business, has reached into those markets it finds most promising to recruit a new team of analysts.

Emre Yigit, formerly head of research at Turkish securities firm Global Securities, will cover that region at UBS. Gidon Yardeni, formerly a senior analyst at Tel Aviv-based Pacific Mediterranean Investment Company, will follow Israeli companies, while Pedro Fonseca, an analyst at Finantia, a leading Portuguese investment bank, will provide research on Portuguese companies.

Gary Rigby, managing director of equity emerging markets at UBS, says that while Turkey, Israel and Portugal may not immediately spring to mind as the hottest emerging markets of 1994, there is considerable investor interest in all three. Turkey, he notes, was the top performing emerging market in the second quarter of 1994, although he concedes that in the first quarter it was about the worst.

And despite the fact that a number of Israeli companies are listed on US-based Nasdaq, European investors have relatively little access to information about them, he says.


Clinton Silver, 64, who stepped down as deputy chairman of Marks & Spencer at the end of last month, has joined the board of Tommy Hilfiger Corporation, a fast-growing US company which specialises in designing and marketing sportswear for men and boys.

Tommy Hilfiger, the principal designer and honorary chairman, was a small-town boy who went to New York as a freelance designer in 1979 and has been likened to Ralph Lauren. He founded the company in 1989 with financial backing from Apparel International Holdings, which is now the company's majority shareholder.

The company's shares were floated on the New York Stock Exchange in September 1992 and have more than doubled in value. The company's revenues rose 64 per cent to $227m in its last financial year and Tommy Hilfiger products are sold through 480 in-store shops.

Silver (above), who spent 42 years at Marks and Spencer, will help guide the company's long-term plans for international expansion in Europe and the Far East.

■ Dairy Crest, the processing arm of the Milk Marketing Board, has announced the appointment of Michael Dowdall as chairman. Dowdall will see the company through its flotation next year after the abolition of the board in November and the deregulation of Britain's £3.3bn milk business.

Dowdall, 64, is currently chairman of the Gaymer group and Geest, the bananas and food processing company. He is also a director of BPB Industries and NFU Mutual Insurance company.

He succeeds Geoffrey John who has presided over Dairy Crest's transformation over the past six years from a government organisation into a commercially-run company and who will remain as deputy chairman to oversee the handover. John says he was unable to devote enough time to issues concerning the flotation.

Dowdall will bring strong operational skills to Dairy Crest. He retired as a director of Unilever in 1991, but while there built a reputation as a strong manager. As detergents co-ordinator, he was responsible for merging all of the company's European national detergent businesses into one operation.

"He'll do a bit more than just chair meetings," says one former colleague.

Foresight saga

The government's Office of Science and Technology has appointed scores of advisory committees during its two years in existence. But never before has one had the style and glamour of the Technology Foresight Panel announced this week to cover the "learning and leisure sector".

Its chairman is Peter Wallis. Peter who? Wallis is better known as the author, broadcaster and style guru Peter York, who coined the famous term Sloane Ranger. Other members include: David Puttnam (above), the film director; Janet Street-Porter of the BBC; Anthony Smith, president of Magdalen College, Oxford; Neil Chalmers, head of the Natural History Museum; and Alexander Korda, guru of hi-tech venture capital.

The panel is one of 15 appointed by the Cabinet Office to look at prospects for technological progress in its sector and match these with the strengths and weaknesses of British industry. By the end of the Technology Foresight exercise next year, the government hopes to have a list of priorities for research within and across all sectors of science and business.

Wallis/York says his panel would look particularly at "the fast growth area of new electronic and education media. The contribution these can make to national income but also to our quality of life is not always fully recognised – partly because the businesses are so varied but also because they cut across many traditional areas of industry."

Puttnam adds: "We are in reach of the 'fully wired home' in which not only conventional entertainment but interactive education and information services will be available on demand – at a price."

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FINANCIAL TIMES

LEGAL NOTICES

Notice of appointment of liquidator
Voluntary winding up
(Members or Creditors)
Pursuant to Section 109 of the Insolvency Act 1986

Company Number: 2168317. Name of Company: Bloomsbury Realisations (No.3) Limited. Previous name of company: J S Gadd & Co Limited, Pathvire Limited. Nature of business: Financial Services. Type of liquidation: Members. Address of registered office: St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Liquidators names and addresses: Malcolm John London & Adrian Richard Stanway, Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Office holder numbers: 2082 and 2665. Date of appointment: 4th August 1994. By whom appointed: Members.
Signed: Malcolm John London
Adrian Richard Stanway
Dated: 4th August 1994
Description: Chartered Accountants

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THE INSOLVENCY ACT 1986
SG INVESTMENT MANAGEMENT LIMITED
(IN MEMBERS VOLUNTARY LIQUIDATION)

NOTICE IS HEREBY GIVEN that the creditors of the above named company are required on or before the 3rd day of September 1994 to send in writing their names and addresses and the particulars of their debts or claims, if any, to Malcolm John London of COOPERS & LYBRAND, St Andrew's House, 20 St Andrew Street, London EC4A 3AY the joint liquidator of the said company, or in default thereof they will be excluded form the benefit of any distribution made before such debts are proved.
Dated this 4th day of August 1994
Malcolm John London
Joint Liquidation
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Dated this 4th day of August 1994
Malcolm John London
Joint Liquidation
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THE INSOLVENCY ACT 1986
BLOOMSBURY REALISATIONS (NO.2) LIMITED
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Dated this 4th day of August 1994
Malcolm John London
Joint Liquidation
This notice is formal: all know creditors have been paid or provided for in full.

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THE INSOLVENCY ACT 1986
BLOOMSBURY REALISATIONS (NO.1) LIMITED
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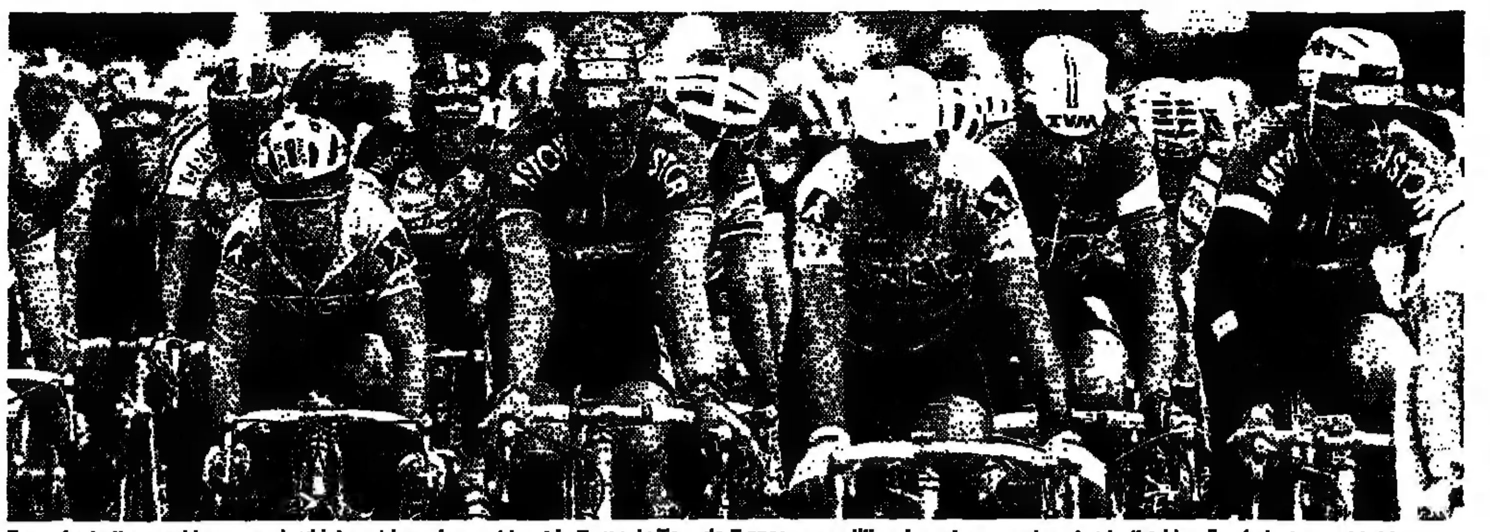
Dated this 4th day of August 1994
Malcolm John London
Joint Liquidation
This notice is formal: all know creditors have been paid or provided for in full.

TECHNOLOGY



Force for better machines: a revived interest in racing, not least in Europe's Tour de France competition, has given new impetus to the bicycling industry worldwide

Riders on a storm

Small shops have fired the biking revolution, writes **Victoria Griffith**

When Christopher Chance began making high-end mountain bikes in Somerville, Massachusetts, in 1982, he had no idea he would be part of a technology revolution the likes of which the sector had not seen since the 1800s.

"I loved mountain biking," he says. "So I decided to get into the business. I was aiming for better performance, so I just kept on experimenting with things, how to get a stronger, lighter bike with better suspension."

Today, Chance's company, Fat City Cycles, is one of a score of manufacturers – including Kona, Specialized, Cannondale, Giant, Trek and Marin – at the cutting edge of bicycle production. Many, like Chance, started out as small entrepreneurs fiddling around in sweaty shops. Those small shops, however, invented new techniques which lit a fire under the industry.

"The amazing technological improvements we've seen over the last 20 years in bicycles were led by small entrepreneurs looking for ways to improve the ride," says William Strickland, editor of Bicycling magazine. "Those little changes added up to big advances."

Unlike in Europe, where bicycles have always been used as a mode of transportation, the US market was mostly limited to children and enthusiasts until the 1970s, when interest in "road bikes" – bicycles used on footpaths – picked up.

That renewed interest in bicycles turned to fervour in the 1980s, when the introduction of mass-produced mountain bikes transformed the sector from a sleepy, old-fashioned market to an industry serving one of the hottest new sports of the decade. At the end of 1993, there were 100m cyclists in the US, 33 per cent more than in 1983, according to the Bicycle Federation of America. Mountain bikes were the overwhelming favourite, comprising about 95 per cent of all bicycle sales in the country last year.

Because mountain bikes are used in more demanding circumstances than road bikes, there was soon a push for improved technology. Makers derived inspiration from motorcycles, automobiles, even aeroplanes. Later, the advances were used in road bikes and the new hybrids, a cross between a mountain and a road bike.

With the advent of mountain bikes, manufacturers started concentrating on suspension, since riders have to negotiate rocks and bumps as smoothly as possible. They borrowed the idea of front and back forks from motorcycles.

Front suspension forks caught on quickly, but full suspension bikes have presented performance problems. "It's not like a motorcycle, where you can just turn up the throttle," says Chance. "The bike depends on the rider's energy, and the early full suspension models required users to put out more energy to make the bike move." With so much resistance between themselves and the tyres, riders found the bicycles tiring, and complained of an awkward bobbing sensation when pedalling.

The industry has just begun to overcome the problems of full suspension by making adjustments in braking and chain tension, and by shifting the pivot point where the suspension attaches to the frame. With many of the wrinkles ironed out, full suspension bikes are enjoying vastly increased sales.

Another source of impetus for better bicycles is the revived interest in racing. Like car companies, bicycle manufacturers are hooking up with racers to market their products and to gain inspiration for technological advances. "Our racing team rides all over the world in all kinds of weather and on all types of terrain," says Thomas Armstrong, head of marketing for Cannondale. "They give us feedback on the bikes so we can make improvements."

One of the main concerns in bike racing is obtaining the lightest frame possible to take competitors speedily to the finish line. The materials used in racing bikes are usually expensive, but as costs dwindle, they filter down to the general public.

In the 1980s, for instance, the price of aluminium frames, which are lighter than steel, dropped substantially, and these were adopted by the mass market. Now, aluminium is being challenged by titanium, a strong and even lighter material. Titanium itself may be replaced by exotic materials such as carbon fibre, beryllium and AerMet, a steel alloy used in the landing gear of aeroplanes. Manufacturers are also starting to experiment with thermoplastics.

Anyone who has not been in a bicycle shop in the past few years would today be amazed, and probably a little confused, at the options in components. A new disc brake is ideal for downhill riding, because it doesn't heat up as much as traditional brake pads. Brake pads, too, are being refined in shape and materials for better braking power.

Grip pedals are also a novelty in the bicycling shops. Based on ski bindings, the pedals hook into specially designed shoes.

Serious enthusiasts have access to a slew of other products, such as a new biking shoe which incorporates a system to tighten and loosen tension. And for a softer saddle, a buyer might opt for a new seat by Selle San Marco, which contains the state-of-the-art Dupont thermopolymer Hytrel.

New manufacturing technologies are less sexy, but just as important. Fat City, for instance, uses a method which thins out metal in the middle of the tube, and adds extra thickness at the ends, which come under the most stress. The process makes the bicycle lighter and stronger.

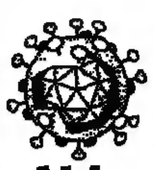
The drawback of these technologies is cost. A sophisticated bicycle can cost $10,000 or more, beyond the reach of most consumers. Moreover, shop owners say many consumers purchase far more sophisticated items than they really need.

"The industry is really getting ahead of itself in the technology area," says John Balmer, product manager of Kona in Washington state. "For the kind of riding most people do, a lot of these things are just not necessary. I think there's going to be a re-focus in the industry on durability and safety features over the next decade, while we absorb some of the technological advances made in the 1980s."

INTERNATIONAL AIDS CONFERENCE

Trials raise hope of breakthrough drug

Paul Abrahams on a crucial therapeutic distinction



Aids

During the last decade, average life expectancy of patients diagnosed with Aids in the developed world has increased from six months to more than three years.

Most of the progress has been not in the treatment of HIV, the virus that leads to Aids, but of the opportunistic infections associated with Aids that eventually cause death. The most common include PCP, a form of pneumonia, MAC (Mycobacterium Avium Complex), cytomegiovirus (CMV), a form of herpes, and tuberculosis.

Among the opportunistic infections, CMV retinitis is particularly feared by Aids patients, because it can cause permanent blindness. Once patients have been diagnosed with Aids, between 20 per cent and 30 per cent develop CMV retinitis each year.

However, Syntex, the Californian-based company being acquired by Roche of Switzerland, appears to have made a breakthrough in the treatment of the disease.

It has been testing an oral version of one of its top-selling drugs, Cytovene, to see if the medicine can prevent the development of CMV retinitis.

Aids activists had expected interim results of the trial, which was started in December and originally due to finish next summer, to be presented at the 10th International Conference on Aids in Yokohama.

But Syntex said it was not yet prepared to provide details. The US Federal Trade Commission is still investigating Roche's $5.3bn (£3.4bn) takeover of Syntex and has until later this month to make its decision. The medicine, which last year generated sales of $85.5m, is already used to treat patients once CMV retinitis has developed.

An independent advisory group monitoring the trial has told Syntex it should prematurely stop giving dummy drugs to people on the trial. The US Food and Drug Administration has also given its consent to stop that wing of the study.

The decision was made on ethical grounds after it was discovered only 17 per cent of those on Cytovene developed the disease, compared with 30 per cent on the dummy drug. About 725 people were involved in the trial.

Scientists nevertheless warned that although the drug appeared highly effective, there remained concerns about Cytovene's safety when used with other medicines.

A new oral version of Cytovene was used in the trial. The drug has until now been administered intravenously to patients who have already developed CMV retinitis through a permanent catheter in the chest.

The oral version is also being tested for patients who have already developed CMV retinitis. Three trials just completed showed that when taken orally not as much of the drug becomes available as when given intravenously, meaning the oral version is slightly less effective.

The oral version delays another onset of the disease between 51 days and 57 days. That compares with 62 and 67 days for the intravenous version. However, the oral version has fewer side-effects and has significant quality of life benefits.

Another increasingly common, devastating and lethal disease in late-stage Aids patients is mycobacterium avium complex, a bacteriological disease that during two years affects about 31 per cent of HIV-positive patients at an advanced stage of the disease.

The main therapy available to prevent the disease is Rifabutin, a treatment marketed in Europe by Pharmacia of Sweden. In two large trials involving 1,146 patients, only 48 people on Rifabutin developed MAC, compared with 102 on placebo. But 16 per cent of patients stopped taking the drugs because of toxicity and other reasons.

Preliminary results of a study presented at the conference suggested Abbott's Biaxin may have fewer side-effects and be more effective.

Mark Pierce of Vanderbilt University presented details of a trial of 682 patients with advanced Aids. Although the breakdown between placebo and active drug has not yet been completed, only 5.7 per cent of patients dropped out because of adverse effects.

In all, only 57 of the patients on both placebo and the drug developed MAC, compared with a predicted 87 if all were on placebo. That meant a possible 80 per cent reduction for those on the drug compared with the expected levels on placebo, claimed Pierce. The full results could be ready as early as October, he added.

Wasting disease is a further serious problem for Aids patients, with body cell mass falling below a level capable of sustaining life. The answer is not eating more, which does not consistently restore weight, and often, at best, increases fat rather than vital lean tissue.

However, a trial was presented in Yokohama which suggested Saizen, Ares-Serono's recombinant human growth hormone, used on undersized children, could be an effective treatment for the condition.

Preliminary findings were given from a 12-week study of patients with HIV-associated wasting. Before the trial, the 78 patients who finished the study had lost on average 11kg of their previous weight.

Those on Saizen increased their weight by 1.5kg of lean tissue, while those on placebo gained weight which then continued to fall.

The trial indicated there was no difference between the two groups in the development of Aids diseases or death. Those who have been on the drug for two years on average gained more than 10kg.

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01445 Radebeul, cadastral no. 141, district Oberlössnitz
cadastral no. 270, district Wahnsdorf
Eduard-Bilz-Strasse 53
Site: 43,700m² buildings in need of repair and classified as historical monuments, unoccupied, including park 28,720 m²
Applications for initiation of the investment priority procedures pursuant to article 6, § 2 (Investment Priority Law) of the law for the amendment of the property law, Federal Official Gazette, 1, no. 33, page 1257 dated July 21, 92 shall be submitted by
September 30, 1994, 15.00 hours
stating the purpose of investment and including a project plan to the
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To find out more information on the above surveys please contact Carol Haney on 071 873 4186.

LEGAL NOTICES

Notice of appointment of liquidator
Voluntary winding up
(Members or Creditors)
Pursuant to Section 109 of the Insolvency Act 1986
Company Number: 2166430. Name of Company: SG Investment Management Limited. Previous name of company: Acremile Limited. Nature of business: Financial Services. Type of liquidation: Members. Address of registered office: St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Liquidators names and addresses: Malcolm John London & Adrian Richard Stanway, Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Office holder numbers: 2082 and 2665. Date of appointment: 4th August 1994. By whom appointed: Members.
Signed: Malcolm John London
Adrian Richard Stanway
Dated: 4th August 1994
Description: Chartered Accountants

Notice of appointment of liquidator
Voluntary winding up
(Members or Creditors)
Pursuant to Section 109 of the Insolvency Act 1986
Company Number: 1846041. Name of Company: Bloomsbury Realisations (No.2) Limited. Previous name of company: J S Gadd Services Limited. JS Gadd Holdings Limited. Nature of business: Financial Services. Type of liquidation: Members. Address of registered office: St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Liquidators names and addresses: Malcolm John London & Adrian Richard Stanway, Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Office holder numbers: 2082 and 2665. Date of appointment: 4th August 1994. By whom appointed: Members.
Signed: Malcolm John London
Adrian Richard Stanway
Dated: 4th August 1994
Description: Chartered Accountants

Notice of appointment of liquidator
Voluntary winding up
(Members or Creditors)
Pursuant to Section 109 of the Insolvency Act 1986
Company Number 2226767. Name of Company: Bloomsbury Realisations (No.1) Limited. Previous name of company: JS Gadd Holdings Limited. Sampleslove Limited. Nature of business: Financial Services. Type of liquidation: Members. Address of registered office: St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Liquidators names and addresses: Malcolm John London & Adrian Richard Stanway, Coopers & Lybrand, St Andrew's House, 20 St Andrew Street, London EC4A 3AY. Office holder numbers: 2082 and 2665. Date of appointment: 4th August 1994. By whom appointed: Members.
Signed: Malcolm John London
Adrian Richard Stanway
Dated: 4th August 1994
Description: Chartered Accountants

PROPERTY

Fillip for the young ones

Low prices are attracting first-time buyers, says **Emiko Terazono**

While Japan's commercial property market is still in the trough of a four-year slump, the residential sector is enjoying a fillip. Developers, burdened with unsold residential properties, are flooding the market with low-cost flats. Sales are brisk.

This uplift has provided relief for property developers, which have been severely affected by the first sustained fall in land prices since the second world war, and the government, which hopes a pick-up in housing sales will help lead the economy out of recession.

The sharp rise in sales of flats has been helped by record low mortgage rates – currently 4.05 per cent, down from 5.5 per cent in 1990 – coupled with an expansion in the government's subsidised loan programme for house purchases.

During the first six months of this year, a record 34,109 flats came onto the market; in July alone, the number of flats offered by developers jumped by 150 per cent on the same month in 1993, to 10,179, with 85 per cent of total supply sold.

The slide in the market following the speculative bubble of the late 1980s has also led to a slump in the price of flats. An average three-room flat in the outskirts of Tokyo declined by 25 per cent from Y60m to Y40m between 1990 and 1993, making it affordable for many Japanese for the first time.

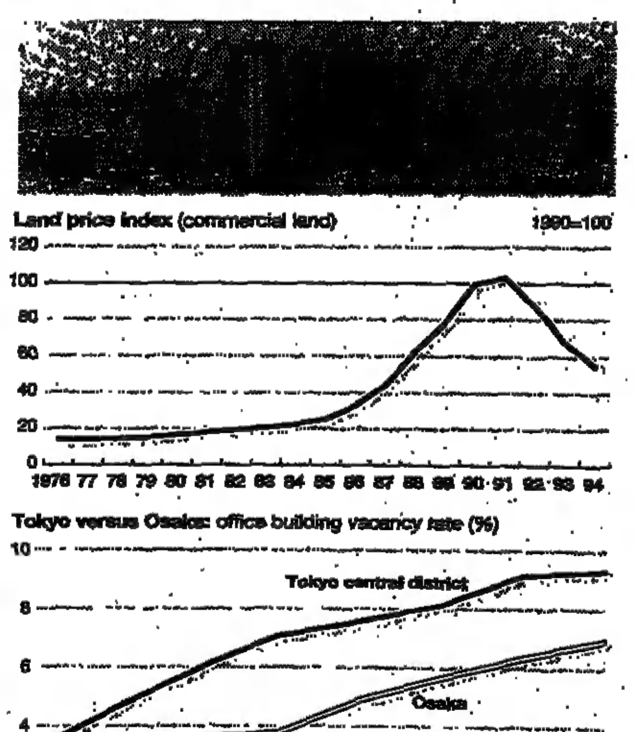
Yet the recovery is fragile because prices continue to fall as domestic property sales increase. Despite this rise in sales, surplus supply and vacancy rates continue to shoot up.

The rise in residential sales has also increased competition, with commercial property developers, facing a continued slump in office rents, lured back into the market.

According to the research arm of Haseko, a leading residential-sector developer, annual demand for flats during the next five years is expected to rise to 45,000 units; but this year alone, 80,000 flats are expected to come onto the market and analysts believe this over-supply will persist for at least three years.

Ms Keiko Ohtsuki, real estate analyst at Morgan Stanley, a US investment house, says that in spite of some price stabilisation in the six months to June, the general downward price trend is likely to continue in the medium-term. As a result, developers, enjoying improved revenues after several years of poor earnings, are likely to be forced to further cut their prices for flats, again squeezing their profit margins.

Japan's commercial sector: troubled



Source: Japan Real Estate Institute, Ikoma Data Service

The supply of new flats has had a significant impact on the prices of existing residential properties and on the rental markets. Buyers in Japan generally prefer to purchase new housing and low-interest loans have attracted first-time buyers from the rental market in significant numbers. In central Tokyo, housing rents are down by between 10 per cent and 20 per cent from their peak in 1990 and, with the market favouring the consumer, many landlords are willing to negotiate even larger discounts.

As with residential prices, commercial property values have also yet to bottom out. Recession-induced corporate restructuring has depressed demand for office space, in particular for high-grade accommodation in central Tokyo. According to Ikoma Data Service, a property research company, vacancy rates in Tokyo have risen to 8.9 per cent from 5.9 per cent a year ago. Development projects started at the peak of the market in the late 1980s are now coming onto the market, exacerbating the glut in office space. Office rents have also fallen by between 30 per cent and 50 per cent from their peak in 1990.

With office constructions in leading cities down 47 per cent last year compared with 1992, many in the industry, such as the Japan Real Estate Institute, a think-tank, say it will be another 18 months before the office glut eases.

At the same time, market liquidity remains a problem, with developers still reluctant to off-load commercial real estate bought at the market peak in the late 1980s for fear of incurring losses. That is a chief reason why industry analysts believe the easing of the over-supply does not necessarily point to the recovery of the market overall.

The stagnant commercial property market remains at the core of the problems at Japan's banks, as the vast bulk of their lending was extended against over-valued land. Banks remain burdened with bad debt write-offs following their disastrous foray into property lending in the 1980s.

In response to their bad debts, banks last year set up the Co-operative Credit Purchasing Corporation. Under this scheme, banks sell their bad loans to CCPC at a discount, writing off the difference. When CCPC was set up in May last year, it bought the banks' bad debts at a 34 per cent discount based on the collateral value. More recently the CCPC has been buying banks' bad debts at a discount of 64.6 per cent.

Some market observers say the prolonged downturn of the commercial property market, and the increasing costs of maintaining land assets, may induce investors to change their investment culture, by shifting their focus away from capital gains and towards a property's income-generating potential. But such a change is likely to come about slowly.

Reluctant to sell their assets – owning land is an important status symbol to the Japanese – but at the same time forced to clear their balance-sheets, some investors are selling their holdings to affiliates or other enterprises within the same corporate grouping at artificially high prices.

Nevertheless, many Japanese companies will eventually have to succumb to the cost pressures and to abandon their wait-and-see strategy.

As Mr Akitoshi Takatsuki, a researcher at Sakura Bank, a leading commercial bank, puts it: "Companies and investors are aware of the further downside risk of the market, but they are scared to change their ways. To do so would open a Pandora's Box of problems."

ARTS

Formality of gesture and evenness of rhythm: Jonathan Firth, Stephen Simms and Lloyd Owen Alastair Muir

Henry V1 - the Battle for the Throne

Alastair Macaulay reviews Katie Mitchell's new production for the RSC

Listening to Shakespeare's three *Henry VI* plays, you can believe that they may indeed be his earliest extant work. The verse is remarkably regular in its iambic pentameter pulse, sentences almost always reach their close at the close of a verse line, imagery is eloquent but simply wrought. There are several striking characters – including the raging Queen Margaret, the deformed and ruthless young schemer Richard Duke of Gloucester, and the contemplative but ineffectual King Henry himself – but they lack the line-by-line psychological mobility of later Shakespeare creations. Several speeches are plainly set pieces; several scenes, too.

I say this, but I have never previously felt that way while watching. Now, however, the director Katie Mitchell has mounted a version of *Henry VI – Part Three* for the RSC, in which she has elicited an unusually contained performing style from her actors. Gone is the searing intensity associated with these plays since the famous RSC *Wars of the Roses* staging 30 years ago (starring Peggy Ashcroft, David Warner, Ian Holm, Donald Sinden) and the vivid epic style that endured through to Adrian Noble's *Plantagenets* trilogy in 1988-89. Mitchell, it seems, wants to show this play's formality of pulse and structure; wants to hold the characters' intensity of feeling within the orderly forms accorded them; wants a style labelled "Early Bard". The characteristics of this style are evenness of rhythm, a generally muted *andante moderato* way of speaking, and a studious formality of gesture.

It works – though it is close to being underwhelming. No individual performances make any special impact; the winner is Shakespeare (though his text has been stylishly adjusted, and cut), Shakespeare the historian.

This staging, which will tour, is currently at The Other Place in Stratford. Most of the cast are new to the RSC, and lack Shakespearian experience. There are times, especially in Part One, when you wish Mitchell has urged them to greater dynamic variety. And why on earth has she (or her movement man Paul Allain) taught almost every actor the same contrived Slow Gesture? This involves taking two seconds in raising a formally extended arm to achieve a big pointing gesture (the way that Lapotaire does in Mitchell's 1993-94 RSC staging of *Ghosts*). The actors have also learnt how, when turning the head 30 degrees from looking at one character to another, to take two seconds about that too. And oh! De-dum-de-dum-de-dum-de-dum-de-dumb: they speak their iambic pentameters as if following a metronome.

Jonathan Firth turns Henry VI's mildness into sheer dullness; Stephen Simms as Richard Duke of York is little better; and Lloyd Owen as Edward IV, despite a voice whose calm utterance is as charming as Miles Kington's, is worse. Is Mitchell telling us that Shakespeare means these characters to be history's pawns, not its makers? Maybe so, but he put more ichor in their veins than she allows them.

Now and then, whenever the text suggests a more developed dramatic method, Mitchell lets some characters emerge more forcefully. (Mature Bard.) Richard's soliloquies loom out with surprising modernity. Yet Mitchell has scaled him down too. Tom Smith plays him as if he were Young Wackford Squeers in *Nicholas Nickleby*, without wit or intelligence, lasciviously gratifying himself with his mean fantasies of future power.

There is a certain amount of "realistic" business. Richard of Gloucester has one physical shtick: he chews his finger meanly, even when it's clad in armour. The Duke of Exeter stammers over key consonants. And – in a time-honoured bit of RSC tradition that goes back to Ashcroft – Queen Margaret (the vehement Ruth Mitchell) retains some of her old French accent, especially some of her French Rs. But these devices are unusually laboured here. They stick out amid the widespread classical restraint, as if Mitchell were demonstrating that Shakespeare did not yet know how to make these characters more complex.

For Mitchell, this play of civil war represents a break in style from the several domestic interiors (*Vassa Zheleznova*, *The Dybbuk*, *Ghosts*, *Rutherford and Son*) that she has recreated so finely. Rae Smith's designs are a model of expressive economy, and Tina MacHugh's lighting is beautifully atmospheric in its subdued way. Latin chants, arranged by Helen Chadwick, play an important role here. This staging makes me impatient to see the RSC put on the *Henry VI* plays and *Richard III* as a tetralogy; and though I am impatient with some features of Mitchell's direction it would be interesting to see her sense of history shaping all four plays.

At The Other Place, Stratford-upon-Avon. Touring in England and abroad from September to December.

Ballet/**Clement Crisp**

Coppélia

Always let your conscience be your guide. This may be sound moral advice, but in ballet it should take second place to letting music be the guide. By and large, our dancers, choreographers, producers, have been musically sensitive in the past – it was a virtue instilled into our fledgling ballet in the 1930s by Constant Lambert. (Lambert, that superb musician and conductor, that dazzling arbiter of taste, sacrificed something of his own self as composer in serving the Sadler's Wells Ballet. Without him as artistic guide and musical conscience, our national ballet would have been far less good).

Musical things have got more brutish of late: scores mauled by obstinate creators, a plethora of junk composition, dancers ploughing through the classics as if tobogganing down a slope. There is no excuse, except arrogance and bad musical education, for the mayhem lately committed on *Sylvia* or the sound-track provided a few years ago for *Frankenstein*, or the recent bloodbath of *Don Quixote*. And in not listening carefully to the ineffable charm of Delibes' *Coppélia* music, English National Ballet's cast on Monday night were minimising everything they did.

ENB ends it summer season on the South Bank with this week's run of that dear and sunny masterpiece. Perhaps the hideous muddle of the Festival Hall itself – a shopping mall in Hades, with its restaurants and bars and stalls and side-shows of amateur dancing and exhibitions of the unlovely and trumpery – has percolated onto the stage. Certainly, the performance of *Coppélia* I saw, led by Agnes Oaks and Thomas Edur, was brisk, jolly, unsubtle, and fatally unresponsive to the music's grace.

Delibes' score *must* be the guide, and Ronald Hynd's staging really knows this. Hynd was inspired by two great Swanildas – Pamela May, Alexandra Danilova (his wife, Annette Page, was also enchanting). The wit and musical responsiveness of such performances echo in this staging, but briskness and peasant jollity (acceptable in its place, but an unrelenting companion all evening) now ride unrestrained through the action. I longed for delicacy, for some expansiveness of style, in almost every interpretation, at every moment.

Agnes Oaks projects her view of Swanilda with greater verve than heretofore. It is a buoyant but somehow unrelaxed reading. There are no problems in nipping through the dances, which she does with splendid aplomb. I wish, though, that she would lighten her reading with more innocent grace, and a less determined vivacity. The music's spirit, Delibes' mellifluous and shapely melodies, should be her guide. Thomas Edur is a faultless Frantz. Faced with a character of boundless lack of interest – the role was only intriguing when played, as it was created, by a pretty girl *en travesti* at the Paris Opéra – Edur lives every moment with a wonderful enthusiasm, and dances with impeccable ease. He alone warms, illuminates the evening.

The Coppélius, on whom much depends, was Wayne Sleep. He is too astute a player not to seize every opportunity, but it is as himself rather than as Coppélius that he does so. The role, and the central crisis of the story – which is the creation of life by alchemical means – is lost. From everyone else, bounce, peasant gaiety, furred jerkins, and expressions of extravagant joy. What fun they have! What fun, indeed, the audience has! I wish, though, that we might have seen what Delibes score was really about.

English National Ballet's summer season is sponsored by Nomura. It continues, with *Coppélia*, until the end of this week.

Sir Alex Alexander

An appreciation, by **George Christie**

Sir Alex Alexander, who died on July 25, did more for Glyndebourne's financial well-being during his period of trusteeship and directorship than any other individual in this opera company's history of 60 years. He brought a new dimension to the business of fund-raising and sponsorship and, at the same time, he instilled a sense of commercialism in the management of Glyndebourne's operation. His fund-raising efforts obviously benefited Glyndebourne's artistic endeavours but the commercial policy never came into fundamental conflict with artistic objectives.

I first met Alex in 1973, following correspondence in which I invited him to support Glyndebourne Touring Opera – an invitation which was characteristically not refused. I felt an immediate rapport with him and this grew into friendship which, within a few months, caused me to think that he might join our board of trustees. I consulted one of our trustees, Sir Mark Turner, who expressed some surprise on the grounds that Alex, to his knowledge, had not shown much interest in the performing arts up to that point. Two years after Alex's appointment to the Glyndebourne Arts Trust, Sir Mark commented that the decision to appoint Alex must have been the best one of my life – a comment with which I have no possible disagreement.

Alex, within a very brief period of trusteeship, joined the board of Glyndebourne Productions Limited (the organisation which holds executive responsibility for the Opera Company). He was also appointed chairman of a finance committee which I brought into existence in the mid-70s at a time of recession and at a time when box office receipts were unable to keep pace with inflation. He was hugely active as chairman of this committee and, as a result, Glyndebourne – despite diminishing box office returns – successfully met the challange of inflationary costs. Alex also chaired an appeal in 1983 which raised £750,000 to help maintain the fabric of the theatre.

It might be expected that his widespread and very effective success in "robbing Peter" to pay Glyndebourne could have created enemies. Not so in the case of Alex, whose charm – he had an irresistible smile – and practical approach beguiled all who came into his fund-raising sights. I know of no other individual with a better track record for raising funds for the arts. Glyndebourne was, I believe, the first charitable organisation in the field of the performing arts to benefit from his genius, but there were others who got swept into his slip-stream – to their great advantage.

His friendship with people was based on a code of ethics, the chief one of which was unshakeable loyalty. Once a friend of Alex, always a friend – unless you breached the code. In Marga he had a wife who gave him stalwart support in his business life and who, more than anyone, inspired his interest in the arts. We grieve for her and her family.

■ *Sir George Christie is chairman of Glyndebourne Productions.*

Salzburg Festival/**Andrew Clark**

The Rake's Progress

It is a measure of Salzburg's underlying conservatism that, despite three years of Gérard Mortier's modernising influence, festival patrons still regard Stravinsky with caution. Caution not being part of Mortier's vocabulary, he has programmed three Stravinsky stagings this summer.

The gamble seems to have paid off. After slow advance sales, *The Rake's Progress* at the Kleines Festspielhaus became a hot ticket, while a street-theatre production of *The Soldier's Tale* caught the imagination of Salzburg's tourist hordes. The most ambitious of the three is being kept till the final week – a Peter Sellars-Kent Nagano production of *Oedipus Rex* and *Symphony of Psalms*, with designs by an avant-garde firm of architects. These are worthy festival projects, but it is odd that Mortier should totally ignore Stravinsky's biggest contribution to musical theatre – his ballets.

Mortier clearly relished the opportunity to juxtapose *The Rake's Progress* and *Don Giovanni* – two dissolutes who flaunt moral conventions and are duly punished. The other point in common, of course, is a standard 18th century orchestra. But there the similarities end, and it would be hard to imagine two more contrasting production styles than the Chéreau-Barenboim *Don Giovanni* (which I reviewed last Saturday) and the new *Rake*.

Not for the first time, Mortier placed his trust in a visual artist with little experience of the theatre – someone who, he hoped, could transplant to our own times the operatic characters drawn from Hogarth's pictures. Jörg Immendorff responded by identifying Tom Rakewell with his own fate as an artist – prey to ideals and idle dreams, lust and consumption, devilish pacts and their inescapable consequences. The result was an entertaining exercise in artistic licence, colourful but often unrecognisable.

The stage resembled a painter's atelier, with Anne posing as a model. Tom was dressed in T-shirt and jeans, while Trulove was a Joseph Beuys lookalike (the controversial postwar German artist was Immendorff's hero). Tom's flights of fantasy were symbolised by a model aeroplane, with wings like an artist's palette. His progress was followed by apes (the human beast), who acted as stagehands and became the inmates of bedlam. Modernist and Hogarthian paintings appeared in miniature on the back wall, and the auctioneer wielded not a gavel but a sledge-hammer, with which he politely smashed everything on view.

Thanks to a succession of pictorial dropcloths and clear stage direction by Peter Mussbach, the story – and many of its comic and ironic touchés – did not get entirely lost. But the moral was wasted. It was hard to identify with characters who inhabited such a two-dimensional stage and looked the same from start to finish. There was an air of artificiality, which rubbed off on the music and led to bouts of tedium.

In most other respects, the performance was exemplary. Under Sylvain Cambreling, the Camerata Academica was alert to Stravinsky's rhythmic wit, relishing all the harmonic twists and tricks. Jerry Hadley made a fresh-voiced, fresh-faced Tom. Despite her garish blonde wig, Sylvia McNair's Anne was purity personified. Monte Pederson's Nick Shadow had the body of a wrestler wrapped in a business suit, but would have benefitted from sharper characterisation. Grace Bumbry was a subdued Baba, Linda Ormiston the deliciously predatory brothel-keeper. The audience response was ecstatic.

A hot ticket: Jerry Hadley as Tom Rakewell in Jörg Immendorff's new production

INTERNATIONAL ARTS GUIDE

Memling retrospective

To mark the 500th anniversary of the death of 15th century Flemish artist Hans Memling, the renovated Groeningemuseum in Bruges has mounted a major exhibition.

Some 40 works dating from 1470 to 1490 can be seen, representing nearly half Memling's output. Despite the fragility of the paintings and altarpieces, loans have arrived from all over the world, including the early triptych of the Madonna and Child from Kansas City, the monumental Last Judgement from Gdansk and the Passion of Christ from Turin. Portraits include the "Portrait of a Man" from the royal collection at Windsor Castle and "Man with an arrow" from Washington.

Around this core the exhibition assembles contemporary furniture, gold and silversmiths' work, tapestries, manuscripts and some 50 works by 15th and 16th century artists such as Rogier van der Weyden, Stefan Lochner and Gerard David.

As well as studying Memling's training, technique and patrons, the exhibition traces the way his reputation has fluctuated over the years since his death. Largely ignored in the 17th century, he was rescued from oblivion during the romantic revival of the early 19th century, only to be forgotten again for much of the present century. The last major Memling retrospective was in 1939.

The exhibition opens today. The number of visitors admitted hourly is restricted, so advance booking is advisable: tel 050-347959 fax 050-348488.

■ EXHIBITIONS GUIDE

AMSTERDAM

Rijksmuseum The Renaissance Print 1470-1500: this superb survey includes works by Andrea Mantegna, Albrecht Dürer and Lucas van Leyden. The selection emphasises the diversity of printmaking and variety of techniques used, with devotional prints, landscapes assembled in albums, early colour prints and immense ensembles, such as Jacopo da Barbari's View of Venice. Ends Oct 30. Closed Mon

Van Gogh Museum Van Gogh's Self-Portraits: 20 paintings and two drawings dating from his stay in Paris 1886-7. Ends Oct 9. Daily

BERLIN

Ephraim-Palais Berlin Painting from Blechen to Hofer. Closed Mon (tel 238 0900)

Kunstforum The Ideal and Nature: watercolours and drawings from the Munich Lenbachhaus 1780-1850. Ends Sep 4. Daily

Altes Museum The Last Days of Humanity: artists' responses to the first world war, including work by Beckmann, Kokoschka, Dix, Picasso, Chagall and Wyndham Lewis. Ends Aug 28. Closed Mon

Berlinische Galerie Raoul Haussmann (1886-1971): retrospective of one of the leading figures in the Berlin avant-garde of the 1920s. Ends Oct 2. Closed Mon

BRUSSELS

Palais des Beaux-Arts Robert Smithson: retrospective of the American artist, one of the founders of Land Art. Ends Aug 28. Closed Mon

CHICAGO

Art Institute Odilon Redon: 180 works by the late-19th century French painter-poet. Ends Sep 18. Goya: 100 small-scale paintings. Ends Oct 16. Daily

COPENHAGEN

Ny Carlsberg Glyptotek Sculpture from Denmark's Golden Age: an exhibition focusing on Bertel Thorwaldsen (1770-1844) and his pupils and contemporaries. Ends Sep 20

DETROIT

Institute of Arts John James Audubon - Watercolours for Birds of America: 90 original watercolours which the early 19th century painter made for his famous print series. Ends Oct 23

EDINBURGH

National Gallery of Scotland Monet to Matisse: landscape painting in France 1874-1914. Ends Oct 23. Daily

Royal Scottish Academy The Romantic Spirit in German Art 1790-1990. Ends Sep 7. Daily

ESSEN

Villa Hügel Paris - Belle Epoque: an evocation of the period from 1880 to 1910 with paintings, drawings, posters, photographs, glass and furniture. Ends Nov 13. Daily

FLORENCE

Palazzo Pitti Royal Treasures from Denmark: silver furniture, royal costumes and ivories dating from the era of Frederik IV of Denmark, who visited the court of Cosimo III in Florence in 1709. Ends Sep 11

HAMBURG

Kunsthalle Masterworks from the Guggenheim Collection: 60 paintings by Picasso, Braque, Dubuffet, Bacon, Chagall, Kandinsky and Mirô. Ends Sep 25. Closed Mon

LONDON

British Museum Greek Gold - Jewellery of the Classical World: a beautiful show of intricate craftsmanship, bringing together works from the Hermitage, British Museum and Metropolitan. Ends Oct 23. German Printmaking in the Age of Goethe. Ends Sep 11. Daily

Hayward Gallery Bonnard at Le Bosquet. Ends Aug 29. Daily (advance booking 071-928 8800)

Tate Gallery R.B. Kitaj retrospective. Ends Sep 4. Turner's Holland. Ends Oct 9. William Blake - Art and Revolution: an exhibition focusing on the English artist's output in the 1790s. Ends Oct 16. Daily

Victoria and Albert Museum Pugin - A Gothic Passion: retrospective of the 19th century British architect and designer. Ends Sep 11. Daily

National Gallery From Caspar David Friedrich to Ferdinand Hodler, A Romantic Tradition - Paintings and Drawings from the Oskar Reinhart Foundation. Ends Sep 4. Daily

Royal Academy of Art Impressionism to Symbolism - The Belgian Avant-Garde 1880-1900. Ends Oct 2. Daily (advance booking 071-240 7200)

Courtauld Institute The Samuel Courtauld Collection: top-class impressionist paintings originally in the private collection of the institutes's founder, with loans from the National Gallery and other collections. Ends Sep 25. Daily

MADRID

Centro de Arte Reina Sofia Gerhard Richter: 100 works by one of the key figures in contemporary German art. Ends Aug 22. Closed Tues

MARTIGNY

Fondation Pierre Gianadda From Matisse to Picasso, Masterworks from the Gelman Collection. Ends Nov 1. Daily

METZ

Arsenal Gold of the Gods: more than 600 exhibits, comprising pre-Columbian jewels, ritual knives and masques. Ends Oct 2 (tel 4410 7303)

NEW YORK

Metropolitan Museum of Art Picasso and the Weeping Women: 80 paintings and works on paper from the 1930s and 1940s. Ends Sep 4. The Annenberg Collection of Impressionist and Post-Impressionist Masterpieces. Ends Nov 27. Dali - The Early Years. Ends Sep 18. Closed Mon

Museum of Modern Art From Manet to Picasso - Masterpieces from the David and Peggy Rockefeller Collection. Ends Sep 6. British Drawings 1890-1990. Ends Sep 13. Closed Wed

Whitney Museum of American Art Edward Hopper (1882-1967) and Jack Pierson (b1962): the latter has selected 20 works by the former, and placed them alongside his own work. Ends Sep 11. Joseph Stella (1877-1946): more than 200 works by the American modernist. Ends Oct 9. Closed Mon

PARIS

Musée d'Orsay Nadar, Photographs 1854-65: Nadar was a friend of writers and painters, whose portraits raised photography to a creative art. Ends Sep 11. Closed Mon

Musée Picasso The world's largest collection of Picasso's work is completed by his own collection of paintings by friends such as Braque and Matisse, and artists he admired, such as Renoir and Cézanne. Closed Tues (4271 2521)

Musée Rodin This delightful 18th century town house contains the life work of the sculptor Auguste Rodin. Closed Mon (tel 4418 6110)

Musée Marmottan This museum houses an important collection of paintings by Monet, including Impression-Soleil levant, from which the Impressionist movement took its name. Closed Mon (tel 4496 5033)

STUTTGART

Staatsgalerie Italian Drawings 1500-1800: a representative selection of the large, high-quality Stuttgart collection, built up over the past two centuries and including work by Giambattista and Tiepolo. Ends Sep 4. Closed Mon

VENICE

Antichi granai della repubblica China in 220 BC - The Warriors of Xi'an: ten of the 7,000 lifesize terracotta soldiers who guarded the tomb of Emperor Qin Shihuangdi in central China, along with copies of war chariots and weapons discovered in one of this century's most dramatic digs. Ends Sep 11. Daily (the old granary on the tip of the Giudecca)

Palazzo Grassi Renaissance Architecture from Brunelleschi to Michelangelo: 250 works from European and American public collections. Ends Nov 6. Daily

WASHINGTON

National Gallery of Art Willem de Kooning's Paintings: 75 works by America's influential abstract expressionist. Ends Sep 5. Daily

National Museum of American Art Mary Vaux Walcott: 50 watercolours by the early 20th century naturalist, explorer and artist. Ends Aug 29. Daily

Phillips Collection The Drawings of Stuart Davis: 90 watercolours, gouaches and drawings of radiant colour by the American modernist. Ends Aug 28. Daily

Arthur M. Sackler Gallery Lois Conner - Photographs: 80 large format photos depicting architecture and nature by the American photographer working in Asia. Ends next May. Contemporary Porcelain from Japan. Ends Sep 5. Daily

ZURICH

Kunsthaus Dada global: a large selection of paintings, drawings and collages by Duchamp, Man Ray, Ribemont-Dessaignes, Max Ernst and many others, plus posters, letters and other documents relating to the nihilistic movement founded in Zurich in 1916. Ends Nov 6. Closed Mon

Riding tandem along UK superhighway

PERSONAL VIEW

The communications industry is facing a future of immense potential with the development of a new generation of broadband "information superhighway" networks delivering telephone, computer, television and other services. Using optical fibre and advanced electronics, these networks will enable visual and virtual reality images, speech, sounds and graphics to be communicated instantly between any two points on the globe.

Today, it can only dimly be visualised what would develop from this: a new dimension to commerce and industry; a revolution in education, medicine, shopping and leisure; quite possibly a decisive cut in the need for physical travel and thus in energy consumption, pollution and traffic congestion; and a new medium for political activity.

Telecommunications carriers such as BT have good reason to push broadband. Growth of conventional telecoms is slowing. The carriers have turned to specialised international business services; but the market for these is limited and competition is fierce. Broadband for their home markets is the big opening on their business horizon.

The report on optical fibre networks by the House of the Commons select committee on trade and industry, published on July 27, is the first all-party parliamentary judgement on the UK telecommunications regime. It makes three principal criticisms. UK policy is too concerned with infrastructure and competition in existing services and needs to be re-focused on broadband services; there is little sense of urgency about broadband development; and there is a lack of a clear sense of vision about what broadband could do for the UK and its people, in contrast to the type of leadership being shown in the US.

The US is seizing the high ground. The US administration has forward-looking legislation before Congress which in particular will enable cable TV and telephone companies to compete in each other's business areas. US telecoms operators are planning to invest millions of dollars in a broadband adaptation of the coaxial cable technology traditionally used by the cable TV industry. US computing and entertainment interests are scrambling to dominate the world market for broadband applications. Japan is not far behind. The challenge to Britain and the rest of Europe is pressing.

Britain is a world leader in optical fibre broadband technology. However, it is bogged down by dispute about a regulatory ban, rooted in the thinking of the 1980s, which excludes BT from cable TV in order to protect Britain's combined cable TV and telecoms operators. There is right on both sides. The cable companies are committing large investments in reliance on this ban. But, as the principal national operator, BT has a role in broadband which should not sensibly be denied. The select committee has proposed lifting the ban on a franchise-by-franchise basis, with protection in any given franchise lasting only seven years. This is fair and workable. But even if accepted by government it would take years to have effect nationally. I suggest an alternative which would cut through the difficulties and work more rapidly.

Broadband is the big opening on the business horizon for telecoms carriers

The cable companies plan to invest £6bn just to create conventional facilities for two-thirds of the population. They would have to spend a lot more to upgrade to broadband. A national broadband network would cost BT £15bn or more. All this investment would be risky. Both investment and risk would be greatly reduced and progress would be faster if the two sides co-operated to create a single national broadband network.

The classic objection to this would be that it creates monopoly and inefficiency. To counter this I propose a new formula. BT and the competitors should form a network company which they jointly own in equal shares. BT's contribution would include its existing duct network, which is a central resource. The company would have a professional board made up exclusively of its owners' representatives.

To ensure efficiency its managing director and its top executives would be appointed by the owners on regularly renewable contracts, with stringent performance-related pay requirements. The board would control expansion of broadband across the country, in step with success in marketing. Charges and profits would be determined by a return on assets requirement, set to correspond to the upper quartile of returns being earned by blue-chip companies generally and ratified by the industry regulator, Oftel. Profits would be re-invested or distributed by agreement between the owners. Initial investment and later investment requirements not met from profits would be found by the owners or from the market.

Anyone who wished to provide broadband services to the public, including of course BT and the present cable TV operators, would be entitled to use the network, paying standard charges to the new company. Again, charges would be ratified by Oftel. There would be free, fair and unregulated competition for provision of services over the network.

Technical and commercial problems of inter-connecting competing networks, which are getting more difficult with no obvious way out, would be eliminated. The need for the ban on BT would disappear. The way would be cleared for broadband services to develop freely by competition to their natural commercial level.

John Harper

The author was the last public-sector managing director of BT's inland operations. He is now senior partner of the Lullington Group of telecommunications advisers

Children neither seen nor heard

A steep fall in the birth rate means demographic worries for east Germany, says Judy Dempsey

The British author, P.D. James, recently wrote a novel called *The Children of Men*. It is set in England in 2021 and describes how infertility has spread like a plague. The human race faces extinction as scientists try to reverse the trend. At the end of the book, a woman gives birth, but whether this is enough to save the human race is left open.

German demographers and doctors could identity with this work of fiction: five years since the collapse of the Berlin Wall, the birth rate in east Germany continues to plummet.

Mr Horst Halle, head of the maternity department at the Charité, east Berlin's largest hospital, first noticed the trend in early 1990. "You just had to look at the statistics," he explained. "Before 1989, there were about 16,000 babies born each year in east Berlin. Today, that figure has slumped to 6,800, a decline of about 60 per cent.

"In the Charité itself, we used to record about 2,200 births a year. Today, we have fewer than 1,800, and we are doing better than most maternity hospitals in east Berlin."

Such an unprecedented fall in the birth rate would have shocked the former communist regime in East Germany. It prided itself on its wide range of social services aimed at providing women with excellent childcare facilities to encourage them to have children.

'The widespread sense of job insecurity has played a major role in the decline of the birth rate'

Then, day-care centres were free. Women could take a year's paid maternity leave and return to a guaranteed job, or take off three years with generous state support and still have the same job to go back to. Indeed, more than 90 per cent of the female working population were employed, compared with 49 per cent in west Germany. By the age of 21, east German women started having children, unlike their west German counterparts, who generally started a family in their mid-to-late 20s.

Despite these incentives, however, the birth rate in east Germany was relatively low compared with most other east European countries under the communists. Mr Jürgen Dorbritz, a demographer at the Federal Statistics Office, says: "What we are now seeing in eastern Germany is a birth rate which is falling from a low base. That is the worrying aspect. That's what makes the statistics so extraordinary."

In 1989, there were 198,922 live births in east Germany, the equivalent of 12 births per 1,000, or about 1.6 children per family. This was the same as in west Germany. By 1993, the number of east German births had fallen to 79,926 – or about 60 per cent of the 1989 rate – the equivalent of 0.8 children per family, or only half the west German level.

"We just don't know how long this trend will continue. One thing is certain. There will be very few children born between the years 2015 and 2020 because of the lack of women of child-bearing age. Can you imagine how difficult it is going to be to pay for the number of old people in our country?" said Mr Dorbritz.

According to the latest statistics from the German Association for Pension Insurance, the number of people under the age of 20 in east Germany will fall from 3.84m in 1993 to 2.6m in 2020; the number of people aged between 20 and 60 will fall from 8.7m to 7.6m; and those over 60 will rise from 3m to 4.13m. The percentage of pensioners per 100 contributors to the state pension insurance system will rise from 26 per cent in 1993 to more than 50 per cent by 2020.

Mr Halle, who has worked in the Charité for 28 years, believes there are several reasons why east German women are remaining childless. "Demographers tend to ignore the fact that we had been expecting a sharp fall in the birth rate in the year 1995, regardless of unification. This is because the east German abortion law of 1972 made abortion available on demand. We knew we were not going to have many child-bearing women in the mid-1990s," he explained. In 1972, the birth rate fell to about 6 per 1,000, climbing back to about 12 births per 1,000. Today it is fewer than 5.1.

Ulrike Preuss

Endangered species? Fewer east Germans are having babies

But Mr Halle also believes that the process of German unification itself has had a profound social effect on east German women. "A young east German woman knows that if she becomes pregnant, the chances she will find a job are now far less, especially given the high level of unemployment," he said.

East German women have borne the brunt of unemployment, which is officially 16 per cent of the working population, excluding those on short-time work, early retirement schemes, or job creation programmes.

By the end of the first quarter of this year, more than 790,000 east German women had lost their jobs, representing a female unemployment rate of 23 per cent. In west Germany, 1.1m women, or 9.3 per cent, are out of work. "East German women today have freedom of choice, but they have lost their status in society," said Mr Dorbritz.

The other pressure arising from unification is that many east German women have had to seek new qualifications, retrain, or change jobs more often, unlike the former days when a job was for life. "There is no more security. The widespread sense of uncertainty has played a major role in the decline of the birth rate," said Mr Dorbritz.

The freedom to travel has played its part in the decline of the birth rate as well: young east German women have an unprecedented chance to go abroad before they settle and start a family.

"There was hardly anything else to do before 1989," said Mr Dorbritz. "East German society was geared towards encouraging young women to procreate. All those social planks of free kindergartens, both parents in a job, heavily subsidised or free children's clothes and shoes, have now disappeared."

Greater mobility and open borders have led to a sharp rise in migration from east Germany to west Germany. More than 1.2m from a population of 17m east Germans went to live in west Germany between late 1989 and early 1991.

"Many of these people were young and skilled," said Mr Nicholas Eberstadt, a demographer at the American Enterprise Institute for Public Policy Research. "Of the overall drop in the birth rate, roughly one-ninth can be attributed to the sheer decline of east Germany's population during those two years."

Staff at the Charité hospital know that, unless the birth rate increases, the obstetricians, doctors and nurses could be without a job. "We have 2,000 maternity beds here," said Mr Halle. "Before unification, we were dealing with more than 2,200 women a year. If we cannot account for all the beds, we will be under pressure to make savings. That means cutting jobs."

But his main concern is the kind of society which will evolve in east Germany in the next century. "The prognosis is very bad," said Mr Halle. "I do not know how we are going to fend for the elderly. Who is going to pay for them?" One answer might be to allow immigrants into the country under a quota system to replenish the population – a solution advanced by some liberals.

One thing is clear. Mr Eberstadt believes that, if the present trends in east Germany continue, it will be virtually impossible for what he calls "generational replacement" to occur.

"For generational replacement, eastern Germany's women of child-bearing age today would have to give birth to an average of about 2.07 infants over the course of their lives. They are now having 0.8 children, less than one birth per woman per lifetime. This is not enough for a net population replacement."

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Mad pursuit of deeply flawed power concept

From Mr Hugh Sharman.

Sir, "Coal production is falling from fashion – and production is down – in virtually all European countries," says Michael Smith ("Coal cleans up its act for a power struggle", August 3). This is for the very simple reason that indigenous production is relatively uneconomic. The Canute-like efforts of the Spanish socialists to maintain coal production in the Puertollano region, underwritten by the long-suffering Spanish consumer and aided by pork barrels from the European Commission, which itself is maintained by long-suffering tax payers, cannot alter the facts that IGCC (integrated coal gasifier with combined cycle) is a deeply flawed concept. The flaws are its cost and efficiency relative to lower cost and unglamorous conventional plant.

Here in Denmark, the fuel conversion efficiency of 1992-commissioned, squeaky-clean, super-critical but *conventionally fired* coal plant is already 46 per cent, 16 per cent better than any figure ever acknowledged in any of the FT's articles for the "best coal-fired power stations". High-quality coal, at a landed price well below £1/GJ, is imported from all over the world.

As materials for boilers and designs for steam turbines continue to improve, the efficiency of the conventional coal-fired steam plant by the end of this decade will, in Denmark, continue to stay ahead of anything foreseen by the IGCC – and at much lower first costs! In fact, a 450 MWe unit is being planned for commissioning by 1998, not far from my home here in Denmark, which will convert coal to electricity with a conversion efficiency of 48 per cent. In combined heat and power mode, it will be around 90 per cent efficient.

New, better and cheaper methods of flue gas cleaning demonstrate acid rain emissions from low-cost coal at levels comparable to those from IGCC.

While current events in Nigeria and Algeria, together with continuing instability in the Commonwealth of Independent States, underlines the madness of the European-wide "dash for gas" in power generation, continued pork barreling by politicians and manufacturers, and the interference in the market mechanisms by European Commission amateurs, will leave our children dangerously exposed to a squeeze between high-priced or even or unobtainable gas, obsolete, inefficient coal-fired plants and taxpayer-subsidised, technological monsters like IGCC. When are we going to wake up to reality?

Hugh Sharman,
managing director,
Incoteco (Denmark),
Toldbodvej 12, DK-9730,
Hals, Denmark

Better effort

From Mr Roland C Shaw.

Sir, Your correspondent, Lucy Kellaway, will be disappointed if I do not write to complain about her very fulsome article, "Prime of life at Premier Oil" (People, August 8). Frankly, I was less that pleased by her quotation from a discharged employee. But, all in all, it was one of her better columns. However, what really was libellous was the caricature which bore no resemblance whatsoever to . . .

yours faithfully,
Roland C Shaw,
23 Lower Belgrave Street,
London SW1 0NR

Different incident

From Mr John M Kleeberg.

Sir, The US may remember the Mayaguez incident, but Jurek Martin ("Few tricks left", August 8) clearly does not; the ship was seized not by North Korea, but by Kampuchea (as it was then). I presume he has conflated it with the Pueblo incident?

John M Kleeberg,
assistant curator of
modern coins,
The American Numismatic Society,
Broadway at 155th Street,
New York, NY 10032, US

Mysterious analysis of Italian bond performance

From Mr M Masi.

Sir, We are flattered by the attention that the FT dedicates to the Italian bond market. One of your columnists, Barry Riley, seems to be particularly intrigued and amused by the Italian Treasury operations, especially with regard to our 30-year bond. For example, he defined last November's launch of this bond as a *curious phenomenon*. He implied that no investor with any good sense would hold this paper to maturity. In fact, he argued, *even if* the Italian government *were* to repay this bond in 2023, that the money would hardly be worth a cup of espresso ("Italy adds another dimension to debt", November 17 1993). Although we value a good cup of coffee highly in Italy, we did not take that as a compliment.

Recently, while commenting on the French financial situation ("Airline cracks in the French financial facade", August 3), he reminded FT readers of how wise his judgment on the Italian 30-year bond had been. Reason: the yield of that bond had gone up from under 10 per cent (last November) to about 11¼ per cent (in early August).

At this point we started wondering how Mr Riley values the success of a bond. Certainly he could not simply judge, as it appears from the article, on the basis of gross yields, taken out of context. Mr Riley must have some benchmark in mind against which to measure the performance of the Italian 30-year bond. We were puzzled.

Could he be comparing the performance of 30-year Italian bonds with that of comparable bonds issued in other countries? No. Thirty-year bonds worldwide, like all other medium- and long-term bonds, have experienced a substantial increase in their yield since the beginning of the year. The Italian bond is not unique in this respect.

Could he instead be looking at the performance of 30-year bonds relative to other Treasury bonds of different maturity? No. The spread between 30- and 10-year bonds in Italy moved well within the range displayed by the other major countries. We have run out of ideas: Riley's analysis must be much more sophisticated than our own simplistic way of thinking.

Like several of my colleagues at the Treasury, I am about to go on holiday. We are all relieved to learn, however, that Riley's column will resume on September 14: well after we will be coming back from our *vacanze*. This way we will be sure not to miss any of his insights. One day we hope to understand them.

M Masi,
head of press office,
Ministry of the Treasury,
Rome, Italy

Wrong purchasing approach

From Mr James Ensor.

Sir, Your report, "Whitehall could save £130m on consultancy" (August 5), highlights an important weakness in government purchasing. Matters have been getting worse rather than better. The Department of Trade and Industry recently abandoned its long-standing central computer data-base of consultants because "departments know who to contact". This inevitably means yet more concentration upon the generally expensive, entrenched suppliers listed in your table.

It is fashionable to attack the European bureaucracy. But purchasing consultancy appears to be handled better in Brussels and Luxembourg, where most director-generals maintain computer databases and all projects are open to competitive tender. Significantly, the largest firms obtain a far smaller share of this business, and it is simpler for potential bidders to find out about projects being mooted than with UK departments.

The Cabinet Office report does not appear to have addressed the increased cost of using committees (often of eminent retired industrialists) to assist departments in assessing tenders. In our experience, remuneration of these experts can exceed sums paid to a consultancy for doing a project.

James Ensor,
Strategic Vision,
Vicarage House,
58/60 Kensington Church Street,
London W8

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FINANCIAL TIMES
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Friday August 12 1994

Thinking of tomorrow

Struggling to pass even a much-diluted version of US health reform, President Bill Clinton will not want to be reminded of the need for deeper change. But this week's report from the Kerrey Commission on budgetary reform offers just that. As it stands, the country's tax and benefit system implies a burden on younger Americans that is both unsustainable and unjust. Unfortunately, it is also unlikely to be speedily redressed.

Wrung from President Clinton in return for Senator Bob Kerrey's vote in last year's budget battle, the Commission will only present [redacted] final recommendations in December. But the interim report, published this week, unkindly clarifies how [redacted] the 1993 package [redacted] the country's long-run fiscal health. After 1998, the federal budget deficit will begin to rise again. As the Commission points out, interest payments and social benefits will consume nearly three-quarters of all federal revenues by 2003 and 100 per cent 10 years later. By 2030, total federal expenditures are projected to exceed 37 per cent of GDP, compared to just 22 per cent today.

Much of the rise will be driven by the ageing of the population, a burden on future workers for which all industrial countries must be prepared. Shouldering it, in all cases, will require three things: a high national savings rate, rising productivity of existing workers, and a well-structured tax and benefit system. The US fiscal dilemma is more pressing than that of many countries, despite the fact that its population is ageing relatively slowly, largely because its record on all three has been deteriorating.

Fiscal burden

Some steps have been taken, but these fall far short of what is needed. The Social Security Act of 1983 established a fund to help pay social security benefits to baby-boomers when they begin to retire in the next century. But the trust will run out by 2030. In the meantime, the money saved is effectively spent on reducing the headline federal deficit, which will, in any case, rise in line with other obligations, such as Medicare.

The fiscal burden will have to reduced. That means spreading the cost of ageing more equitably, both across generations and within them. The current system fails on both counts. Thanks to the current rules of the social security system, payroll taxes must meet the cost of providing benefits to today's retirees that are 2 to 5 times as great as their contributions would have earned in a private pension system. Moreover, although two-thirds of direct federal benefits go to people over 65, less than a fifth goes to those below the poverty line.

Sensible entitlement

Sensible entitlement reform would continue the efforts, begun in 1983, to make today's workers meet more of the costs of their future retirement. But it would have to target future benefit payments by means-testing a good proportion and ensuring that all are taxed, just as non-retired incomes are taxed. Less than [redacted] quarter of entitlements are currently means-tested. Tax exemptions must be similarly re-assessed: these disproportionately favour the well-off and cost $400bn: half the total cost of the entitlement system.

It is hard to exaggerate the political difficulties involved in passing such reforms. Owing to its varied membership, the Kerrey commission's recommendations are unlikely to be sufficiently ambitious. But if, as he claims, Mr Clinton wishes to boost American long-term economic growth through public investment, serious tax and entitlement reform is the only possible route. Without it, there is no room for higher spending elsewhere, however justifiable.

On recent evidence, the coalition in favour of cutting government expenditures is fragile, at best. And, when the Commission reports in December, Republicans may be fresh from a strong showing in November's elections, and unwilling to grant Mr Clinton any legislative triumphs. As far as budgetary reform is concerned, he is also unlikely to make the attempt. First, as ex-chairman of the council of economic advisers Herbert Stein once said, "the American public will have to make it safe for politicians to do the right thing." Thus far, they have not done so.

Littlechild underpowered

The privatisation of the power industry four years ago has, in many respects, proved a great success. Electricity companies are running a leaner system which is much more responsive to consumers' needs and delivering cuts in real prices. But this impressive performance has been marred by the excessive rewards which have gone to two groups of people: managers and shareholders.

Professor Stephen Littlechild, industry regulator, has no remit to tackle the extravagant remuneration packages awarded to executives, almost regardless of performance. He can and yesterday did, take action to improve the price regime, which has allowed shareholders to earn far larger returns from the monopoly businesses than thought possible four years ago.

The review was never going to be an easy task, because the balance of reward between shareholders and customers had slipped so far in favour of the former. Dividends have greatly exceeded the City's predictions, and share prices have, in some cases, risen by as much as three times in value. Although domestic customers have seen electricity bills fall recently, this owes more to the decline in generation costs than to price regulation. The electricity companies have passed virtually all of the benefits of their improved efficiency through to shareholders, thanks to price formulae which were devised by a government more concerned with obtaining good privatisation proceeds than with protecting the interests of consumers.

Partial success

With the initial balance so far out of kilter, it is not surprising that Prof Littlechild's success yesterday was only partial. On the face of it, he has been quite tough. He is proposing to force the companies to make a once-and-for-all cut of between 11 and 17 per cent in their distribution charges (which account for about a quarter of electricity bills), and then limit future increases to 2 per cent below the rate of inflation for a further four years. Together, these actions should produce steady real declines in household electricity bills up to the end of this century.

Yet stock analysts were calculating yesterday that the companies will still have sufficient earnings and borrowing capacity to sustain real dividend increases of at least 6 per cent a year for the forseeable future. If that turns out to be the case, it is bound to raise questions about the effectiveness of Prof Littlechild's new regime.

Efficiency gains

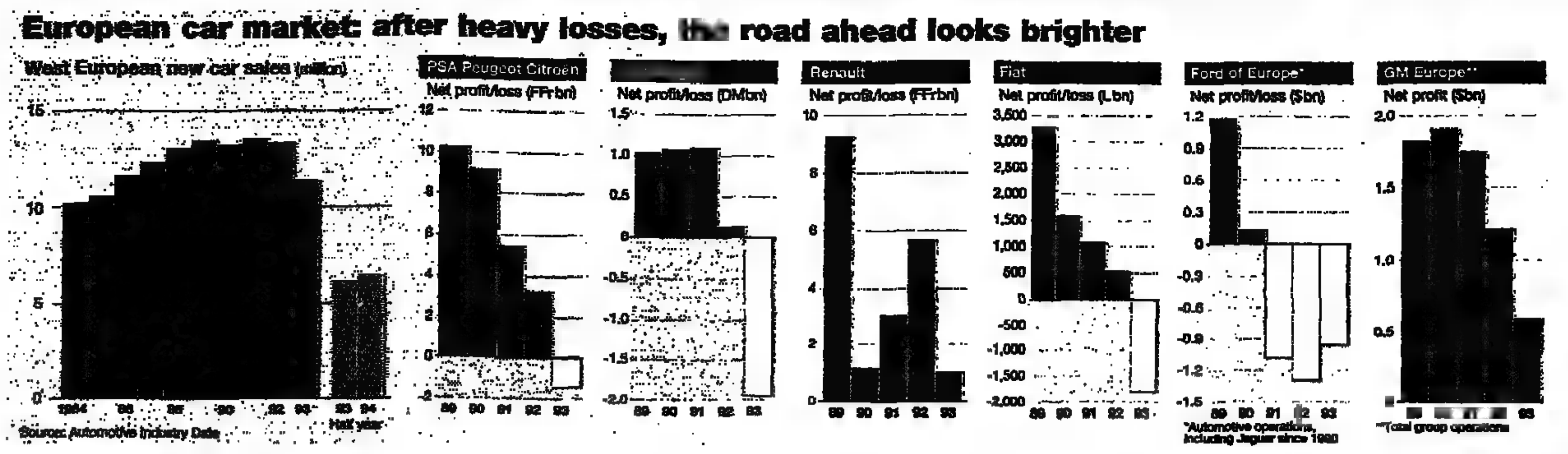
One reason why excesses may continue is that the potential efficiency gains in the electricity industry remain far greater than was ever imagined at privatisation. Even though companies have shed thousands of jobs and reduced their operating costs by impressive amounts, they are still only part-way through the cost-cutting process. Indeed, in the cat-and-mouse game that is inevitably being played between regulated companies and their regulator, there is an incentive for management to underplay the scope for rationalisation in order to secure softer price targets.

There are other factors as well. Most electricity companies have paid off their debts, which means that there is considerable capacity for gearing up. The companies are also about to sell off their prize asset, the National Grid Company, which will enrich their coffers still further. And if the much-predicted shake-out of the industry materialises, there will be efficiency gains from mergers and takeovers too.

Prof Littlechild has to ensure, of course, that his price regime does not damage the electricity industry's ability to deliver a vital service and maintain improvements. But all these factors indicate that there is little danger of this: indeed they constitute a case for setting more demanding targets than he did yesterday.

Now that the deed is done, however, it would be a mistake to add a threat to reopen the price review, within the designated five-year period, if the electricity industry were once again to offend public opinion with the size of its earnings and salaries. That would only create inhibiting uncertainty. Ultimately, the country's interest lies in having the most efficient electricity industry possible, and that can best be achieved by allowing managements to exceed their targets if they can, rather than threatening to confiscate any excess gains. The pity, though, is that the targets are not tougher.

European car market: after heavy losses, [redacted] road ahead looks brighter



Rapid gear change to stay in the race

European carmakers are recovering from recession, but are they sufficiently competitive, asks Kevin Done

The grinding of gears has been harsh, but gradually Europe's automakers are climbing out of the worst recession of the post-war period.

Four of the big six volume carmakers in Europe crashed into heavy losses last year, as new car sales fell by more than 15 per cent to 11.4m, the lowest level since 1985.

While the leading European car producers are [redacted] struggling [redacted] stem the flow of red ink with drastic restructuring measures, their share prices have, however, been rising sharply for the past 18 months. In the first half of this year new car sales have also begun [redacted] flicker back to life.

The automotive sector was the worst-performing area in European stock markets over the past seven years, according to the stockbroker James Capel. This year it has been the strongest, [redacted] had outper[redacted] Capel's European JC index by 20 per cent by early August.

Fiat, which incurred the biggest loss in its 95-year history last year and is paying no dividend on its ordinary shares for the first time [redacted] 1947, has outperformed the Milan market by 38 per cent in 1994.

PSA Peugeot Citroën with its first loss last year since 1984, has outperformed the Paris bourse [redacted] 20 per cent, while Volkswagen, which had [redacted] group loss of DM1.94bn last year, [redacted] outperformed the Frankfurt market by 22 per cent.

Though share prices started to rise early last year, new car and commercial [redacted] sales were still plunging precipitously. But some foundation for such early optimism is finally beginning to appear. New vehicle sales started to pick up during the first half of this year, arousing renewed confidence among vehicle makers and their suppliers that recovery is under way.

"We now expect that 1994 will turn out to be [redacted] much better year than we thought likely at the end of 1993," says Sir David Lees, chairman of GKN, one of the leading UK automotive components suppliers.

In the first six months, new car sales in west Europe have risen by 6.8 per cent to 6.5m. The upturn has been led by the UK, France, Spain and Scandinavia.

"Western European markets have evidently passed through the nadir of demand, with many markets now recording quite high rates of expansion," says Mr Bernd Pischetsrieder, chairman of the management board of BMW of Germany.

With [redacted] heavy fixed [redacted] auto industry [redacted] changes in sales volumes. As demand picks up, allowing plants to [redacted] run [redacted] higher production volumes, profits should respond accordingly.

"Assisted by [redacted] major shedding of labour, savings in purchasing costs and the start of [redacted] recovery in [redacted] profits now look set for [redacted] strong recovery, and we are predicting that earnings will reach new highs in 1996," says Mr Bob Barber, automotive expert at James Capel.

The turnround is not without pain, however. Recession forced plants to close in the face of severe overcapacity and tens of [redacted] of jobs have been eliminated.

Ford of Europe, has reduced its workforce (excluding Jaguar) by 15 per cent, with the loss of 15,100 jobs since late 1992. Mercedes-Benz, the car and commercial vehicle subsidiary of Daimler-Benz, [redacted] largest engineering group, [redacted] from [redacted] domestic work[redacted] in [redacted] a further 11,000 [redacted] year, and it is planning to cut [redacted] jobs [redacted] bring its workforce to 151,000 by the end of 1994.

Volkswagen [redacted] plants (excluding Audi) in the [redacted] three years by 27,000 to about 102,000 by spring. Higher productivity [redacted] reduced [redacted] volumes [redacted] it still [redacted] about 30,000 surplus employees. For 1994 and 1995, it is operating a pioneering pact with German trade unions, allowing a big cut in pay and working hours (to a 28.8 hours week) to stave off even more radical job losses.

M[redacted] believe that they have turned [redacted] corner [redacted] year's losses, [redacted] scale of which took the industry by surprise. "No source had predicted the scale of the disaster until well into the year," said Mr Gianni Agnelli, Fiat chairman recently. After last year's record loss of L1,783bn Mr Agnelli says the company's full-year result should "be better than break-even".

Past responses to recession have not been enough this time round, however, and carmakers have had to revamp their strategies.

The European motor industry is undergoing a hectic transition, as [redacted] European Union [redacted] car market with the removal of all quota restrictions on car and light commercial vehicle imports from Japan at the end of 1999. European car makers are also in a race to become globally competitive. Their rivals in North America – in particular Chrysler and Ford with GM bringing up the rear – have already made huge progress in closing the competitive gap on the Japanese producers.

The share taken by Japanese carmakers in west Europe may be down this year as they have been battered by the strength of the yen, but it is likely to be only a temporary respite. Japanese penetration is still forecast to rise to about 15 per cent by the end of the decade.

Incursions [redacted] European market are also growing from North America, both from the big three [redacted] carmakers and from Japanese assembly plants in the US.

European carmakers are fighting back with radical changes of strategy. For instance, Mercedes-Benz is transforming its new product strategy. Having accepted the unpalatable truth that its luxury cars were "over-engineered" and that it could end up being "priced out" of world markets, it is planning to launch vehicles into several new segments of the world market by the late 1990s, including [redacted] small family car sized between a Volkswagen Golf and a Ford Fiesta, and most surprisingly a micro compact car for urban commuting that [redacted] in a joint venture with SMH, the Swiss maker of Swatch watches.

Restructuring [redacted] taking on [redacted] forms, as [redacted] makers dispose of in-house componen[redacted] operations to outside suppliers to allow them[redacted] concentrate [redacted] core operations [redacted] design, development and assembly [redacted] vehicles. In its boldest move in this direction Fiat [redacted] transferring a components operation with more than [redacted] employees [redacted] GKN, which [redacted] to invest £50m in a new plant in Italy.

Belatedly, European makers are also closing yawning gaps in their product armouries. Volkswagen, Ford of Europe, Fiat and Peugeot are all launching their first MPVs (multi-purpose [redacted] like the Renault Espace) into a fast-growing [redacted] of [redacted] world market until now dominated [redacted] Japanese and [redacted] producers.

[redacted] responses [redacted] enough. Standard [redacted] Poor's, [redacted] credit rating agency, warns in [redacted] report [redacted] "European [redacted] industry fundamentals [redacted] becoming increasingly difficult for the vol[redacted] automakers". It says that Europe's car market is becoming "more subject [redacted] cyclical fluctuations" as European economies [redacted] forecasts that long-term growth [redacted] new [redacted] demand will slow, with [redacted] main markets "approaching [redacted]".

The European industry will "remain beset by significant excess production capacity", while intensifying competition for market share has led to rapidly rising marketing costs and aggressive discounting. European automakers' "relatively limited" presence in other regions of the world leaves them highly vulnerable to competitive conditions in [redacted]estern Europe.

It is [redacted] catalogue of shortcomings that may temper the optimism of investors that have sent [redacted]ers' share prices soaring in recent months.

Jurek Martin calls for an end to the closed world of the White House press corps

Clinton's [redacted]ling-ons

It was only [redacted] single-sentence paragraph, about the presidential trip to Europe in June, but, to the dyspeptic eye, it leapt out of the page. The pen was wielded by Maureen Dowd, as elegant [redacted] writer as any on the New York Times. Her target was the cellular phone-carrying yuppies on the White House staff supposed to look after the travelling media.

"Another day, the White House marooned 24 reporters and staffers in the misty British countryside for 12 hours, unable to figure out a way to get our group 100 miles from Cambridge to Portsmouth, the next stop on the president's schedule."

It is the presumption – that it was the White House's fault – that [redacted] the goat. For it means the English-speaking White House [redacted] corps no longer has the capacity or responsibility to move itself, using public or private transport, a short [redacted] a country [redacted] uses much the same language and credit cards. Ms Dowd added, with self-deprecation, that even using the phone [redacted] problem as [redacted] instructions ... were in British".

Michael Lewis commented on the same trip for the New Republic as someone who is not [redacted] regular pack member. He wrote: "To strike out on one's own, it turns out, is in violation of the code of White House correspondents. No matter how hard I try, [redacted] senior White House journalist explains to me, I will never escape 'the womb'."

This is seriously worrying, or ought to be. Pack journalism is bad enough, but surely cosseted pack journalism, divorced from the realities of life, is worse. The womb, also known as the steel cocoon, can only provide a warped view.

The White House press corps may be the most egregiously privileged and insular, but its attitudes are hardly unique. The gaggle of British soccer hacks covering the [redacted] Cup finals declined to take advice on [redacted] simple way to enter the Rose Bowl – namely via [redacted] public gate – insisting instead on the long lines of the media entrance because Fifa officials required it and could thus be blamed for the delay. It had to be somebody else's fault.

The Westminster lobby, the Japanese press clubs, even, presumably, the cliques (or is it claques?) of ballet critics take pride in their exclusivity and privileges. The only differences are the Americans do it on a grander, if not more efficient, scale and do not exclude those not from US news organisations from holding a White House press card (on the basis of this column, the FT may soon be issued a job lot).

Things which never would be missed

The tendency to bite the hand that feeds (and carries the luggage, and books the hotel rooms and provides the transport and, oh, also briefs) is perhaps most pronounced in the White House bear garden. A colleague on the president's most recent trip reports how a famous network correspondent went ballistic in Bonn when a bus driver had problems negotiating a tight turn, so risking losing the convoy.

In her tantrum, she seemed not to have realised the improbability of a German bus driver [redacted] knowing his way [redacted] the only local airport (Cologne) big enough to handle Air Force One and the [redacted] "zoo" plane carrying the [redacted] for [redacted] networks, [redacted]rally; business class for the US writing hacks, most foreigners; and staff in the back).

Now, being a White [redacted] (or Westminster) correspondent is not the easiest beat. The compensations [redacted] ample air time and [redacted] space do not necessarily offset the long hours, cramped working conditions and the frustration of not being [redacted] to roam fr[redacted] throughout government. It sounds glamorous but often is not.

The simple solution is to let the sun shine in. It may be impossible to abolish the White House press corps or its international counterparts, and it would be counterproductive not to arrange adequate facilities for them to file their stories. But let them travel on their own, eat on their own and book their own hotels.

For one thing, it would [redacted] cheaper. The White House gets good [redacted] on [redacted] but charges roughly 1½ times the first-class air fare, and bills for luggage handling, too. It would also free the White House staff to do something sensible. But, most to the point, it would reintroduce the media to those who watch TV and read newspapers.

In [redacted]hington [redacted] recently Henry Allen suggested modern journalists, now so much part of the establishment, were losing touch with their roots. Were the newspaper industry to face the Titanic's fate, he wrote, "maybe if they started having more fun and [redacted] respectability right now, if they had more product and less by-product, more output and less input, more [redacted] and less profession, th[redacted] might not go down at all".

OBSERVER

Worldly wise

■ Whisper it quietly. The World Bank is about to get a new spin doctor, and not before time.

Just when it should be basking in the glory of its 50th anniversary, all sorts of people have been taking pot-shots at it for spending far too much money on its new headquarters and nowhere near enough on helping the world's poorest countries.

Instead of "50 more years", there is an increasing body of opinion that the World Bank slogan should be "50 years is enough".

Those on the right argue that the markets can take over its role as investors in developing countries, while those on the left counter that the bank's programmes hurt rather than help the poor.

Its public image would seem to be in need of urgent repair.

The hunt has been on for some time to find a replacement for Alex Shakow, the current head of the bank's external relations, who is going to another job inside the World Bank.

However, the smart money is on Mark Malloch Brown, 40, a Brit who used to write for The Economist and currently works for a political consultancy in Washington.

In between he has worked for the UNHCR, helped Corazon Aquino get elected in the Philippines, and been involved in the International Rescue Committee.

Clearly a man who knows his way around the world's trouble spots.

Own hole in one

■ Poor Thames Water. There is a time and a place for everything.

It is unfortunate that the water utility chose yesterday to run a full-page ad in the Evening Standard extolling the virtues of its new water ring main, an underground tunnel 8ft in diameter and 50 miles long providing fresh water for Londoners: "Thirsty people we Londoners. And with demand for water growing all the time ..."

Not yesterday, it wasn't. The paper's front page was dominated by the story of how the capital's underground railway system broke down when tunnels flooded after record rains descended.

Pet grouses

■ Quite what Islington man thinks about the Glorious Twelfth of August is not entirely clear, but Labour leader Tony Blair would do well to mind his back when it comes to the whole emotive subject of huntin', shootin' and fishin'.

Earlier this year, Tony Banks, the talkative animal lover from Newham North West, demanded the sacking of Baroness Mallalieu and Lord Donoughue from Labour's front bench team in the Lords after

'Stop calling me Dad'

they set up a robust campaign backing [redacted] continuation [redacted] field sports.

Banks, wrongly as it [redacted] claimed that the two peers were contravening party policy. "I am not going to listen to people telling me how to win votes who could never get elected to anything themselves," he barked.

Plenty of the party's more famous extra-parliamentary supporters are right behind the peers. Writer Penny Mortimer was heard to complain recently that the Tony Banks breed of MP had become "urbanised" and was in danger of losing the votes of the party's rural supporters.

Film producer David Puttnam is another field sports type, and even Sam McCluskie, former general secretary of the National Union of Seamen, turns out to be a part-time hare courser.

No doubt Blair, in his wisdom, will set his sights on less [redacted] targets – full employment, say, and the statutory minimum wage.

Not so sparky

■ People who criticise regulators for inadequately explaining the terribly important decisions at which they arrive might care to glance at Professor Stephen Littlechild's *magnum opus* – as a model of how not to go about things.

Much of the electricity price review is written in the pseudo-approachable first person. The text runs to 118 pages of analysis and tables. And the appendix contains a four-line formula replete with Roman and Greek symbols.

No kidding

■ General Motors has only itself to blame for the presence in this world of another potential antagonist.

Uschi, wife of Volkswagen boss Ferdinand Piëch and recently delivered of her third child, a jolly little chap called Gregor, says she fell pregnant last September – which she claims was also the height of the brouhaha over GM's allegations of industrial espionage against her 57-year-old husband's newish recruit, José Ignacio López de Arriortúa. "They got us into such a tizzy that I clean forgot my pill and it just happened," she divulges to Stern magazine.

Perhaps she should consult [redacted] year's office diary. Conception apart, the big events for father Ferdinand last September were actually the sudden appearance of a whacking loss at VW's Seat subsidiary in Spain, and his abrupt scrapping of an international finance deal for Skoda, hours before it was due to be signed. The López affair was going through a rare quiet spell.

Piëch himself was not distracted from his one-man crusade to counter Germany's falling birth rate. According to best estimates, the fruits of the deceptively robust auto engineer's loins now number 13.

Skolerr-ship

■ An American teacher has composed an alternative history of the world made up of howlers garnered from essays written by his pupils, ranging from eighth-graders through to college students.

Apart from the passing reference to "Miquel Cervantes: he wrote Donkey Hote", Observer's favourite is the mention of Sir Francis Drake "who circumcised the world with a 100-foot clipper".

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FINANCIAL TIMES
Friday August 12 1994

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Barclays says sale will allow it to focus on core work

Thomas Cook in travel cheque deal with bank

By Michael Skapinker, Leisure Industries Correspondent

Thomas Cook, [illegible] world's second largest supplier of [illegible] cheques after [illegible] Express, said yesterday it had acquired Barclays Bank's travellers cheque subsidiary, which [illegible] the third biggest supplier.

Neither side would disclose how much [illegible] was paying for the Barclays company, Interpayment Services. Interpayment is the world's largest issuer [illegible] travellers cheques, [illegible]ating annual [illegible] of [illegible] $7bn in 145 countries.

The purchase increases Thomas Cook's share of the $54bn [illegible] cheque market from 17 per cent to 30 per cent. Thomas Cook is [illegible] per cent [illegible] by [illegible] Landesbank, Germany's third biggest bank.

Mr [illegible], [illegible]ing director [illegible] Barclays Global Services, said the sale was part of [illegible] strategy of focusing [illegible] Barclays, which this week announced first half pre-tax profits [illegible] ($1.61bn), would not say [illegible] profit the [illegible] cheques [illegible]sidiary had generated.

Mr Graham Rider, Thomas Cook's managing [illegible] financial services, [illegible] enable the company to sell travellers cheques through many [illegible] banks than is currently [illegible]sible.

Thomas Cook's travellers cheques carry [illegible] logo, together with that of [illegible]. In Europe, the cheques also carry the sign of euro travellers cheque [illegible] (etcI). Mr Rider [illegible] many banks around the world will sell either [illegible]Card or Visa travellers cheques, but not both. The acquisition will [illegible] Thomas Cook to sell Visa cheques [illegible], he said.

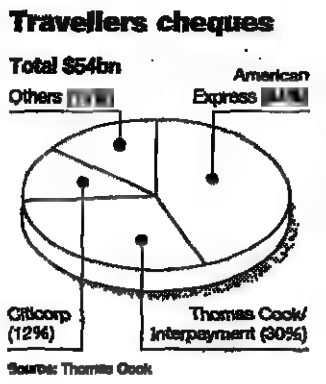
Mr Rider said that [illegible] Thomas [illegible] and the [illegible]payment [illegible] brands would continue to operate separately. They would [illegible] separate [illegible] and marketing strategies but would use the same distribution and processing facilities.

Barclays said it would continue [illegible] sell Visa travellers cheques through its branches and custom[illegible] would not notice [illegible] change.

The acquisition goes some way to helping Thomas Cook close the [illegible] with American Express, its traditional travellers cheque rival, [illegible] has [illegible] world market.

A history of [illegible] Cook, written [illegible] company's co-operation, [illegible] Express [illegible] the travellers cheque in [illegible]. American Express admits, however, that persuading Thomas Cook's offices around the world [illegible] honour its cheques was a crucial step [illegible] their [illegible] acceptance.

Travellers cheques



Source: Thomas Cook

US edges closer to sweeping reform of telecoms market

By George Graham in Washington

The [illegible] just [illegible] steps [illegible] from [illegible] sweeping changes [illegible] telecommunications law for 60 [illegible] Senate [illegible] committee yesterday agreed to [illegible] bill [illegible] would allow long-distance and local telephone companies, as well as [illegible] companies, [illegible] enter one [illegible].

"[illegible] legislation is as impor[illegible] to [illegible] as the [illegible] legislation," said [illegible] John [illegible], the [illegible] Republican on the committee. "Millions of [illegible] hang on [illegible] comma."

But the bill still needs to [illegible] the full Senate, and must then be reconciled with similar legisla[illegible] by [illegible] House of Representatives in June.

The [illegible] would set the [illegible] under which the seven regional [illegible] operating compa[illegible] – known as "Reeboks" [illegible] Baby Bells – would [illegible] up their [illegible] telephone [illegible] in exchange for access [illegible].

The Bells [illegible] face [illegible] restrictions on [illegible] activities under the court order which broke up the original AT&T monopoly [illegible] years ago. They [illegible] not only [illegible] offering long-distance services [illegible] from [illegible] telephone equipment.

Although yesterday's [illegible]tee [illegible] 18-2 [illegible] spread support, [illegible] senators plan to [illegible] controversial amendments when the bill comes to the [illegible] of the full [illegible]. Some supporters of the bill fear it will not be possible to set aside enough time [illegible] before [illegible] go home [illegible] the November mid-term elections.

[illegible] fights [illegible] expected [illegible] a [illegible] would require [illegible] to manufacture telephone equip[illegible] in the [illegible] and buy [illegible] of their components from [illegible] suppliers.

Mr Mickey Kantor, US [illegible] representative, has warned [illegible] this [illegible] content require[illegible] with the [illegible] obligations under Gatt and the North American [illegible] Trade Agreement.

The committee yesterday defeated by 12 [illegible] 8 [illegible] amendment proposed by [illegible] Danforth to strip the [illegible] content rules from the bill.

[illegible] bill [illegible] by [illegible] Hollings, [illegible] commerce committee chairman, [illegible] a delicate compromise over when the Bells will [illegible] to expand from [illegible] vices [illegible] the long-distance and other markets.

Companies unprepared to cope with Aids

By Gordon Cramb in Yokohama

Most multinational companies are inadequately prepared for [illegible] place, according [illegible] Harvard study.

The [illegible] in Yokohama, Japan, [illegible] at [illegible] of the 10th international [illegible] on Aids, [illegible] from 27 [illegible] companies with headquarters in [illegible] countries.

It concluded that while nearly all had [illegible] the [illegible] and two-thirds had [illegible] employee programme for Aids prevention, [illegible] application [illegible] policies was largely [illegible] to the [illegible] of local [illegible].

Training of [illegible] not systematic, [illegible] big western companies [illegible] to be motivated [illegible] by [illegible] potential litigation – [illegible] on [illegible] part of [illegible], suppliers or customers – [illegible] by any overriding concern for the well-being [illegible] their [illegible] per [illegible] thought they would suffer direct costs through increased [illegible] or insurance [illegible].

[illegible] findings, by the Harvard University School of Public Health in [illegible] US, [illegible] announced in the final hours of [illegible] conference which [illegible] largely [illegible] emphasise the long [illegible] any cure [illegible].

Among [illegible] breakthroughs unveiled were the role [illegible] AZT [illegible] produced by Wellcome [illegible] UK in reducing [illegible] of [illegible] woman transmitting HIV to [illegible] child, and the [illegible] of a three-drug cocktail in [illegible] virus – but so [illegible] only in [illegible].

This week's event, which brought together 10,000 [illegible] pharmaceutical [illegible], health [illegible] and Aids activ[illegible] is [illegible] last annual conference of its kind. The next takes place in [illegible] in July 1996.

[illegible] the first such [illegible] been held in [illegible], which epidemiologists expect will soon have the highest [illegible] of new infections.

The Japanese government [illegible] criticism yesterday from [illegible] for an immigration policy which [illegible] tors known to be HIV positive, unless they arrived this week as [illegible]. It [illegible] plaudits for using the conference to heighten Aids awareness among its own population.

Only a handful of Japanese are openly HIV positive, and 97 per cent of the 620 Tokyo listed companies which responded to a survey backed by [illegible] labour ministry said they had never encountered any problem [illegible] to [illegible] virus.

But the study, conducted among others [illegible] representatives of Sanwa Bank and [illegible] Nippon Express transport [illegible], reported that 37 per cent had taken some action [illegible] counter the spread of the disease.

Of [illegible], nine out [illegible] they had provided preventative education.

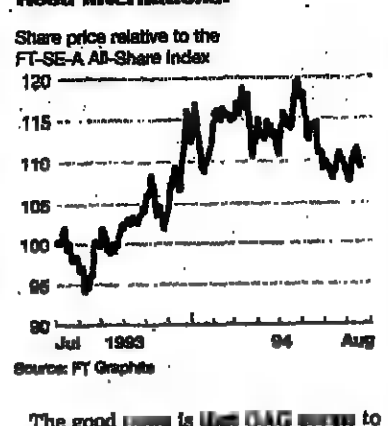
THE LEX COLUMN

Dividends on Offer

There was nothing remotely shocking in yesterday's review [illegible] distribution prices by Mr Stephen Littlechild, the electricity industry regulator. By demanding one-off price cuts in distribution ranging from 11 to 17 per cent, Mr Littlechild has reduced [illegible]nies' rate of return. By running down [illegible] cover, releasing provisions and finding additional efficiencies, though, the regional electricity companies should be able to deliver real dividend growth of at least 5 [illegible] cent – and probably more – until the end of the decade. While utilities are always prone [illegible] political interference, this [illegible] like [illegible] more than adequate return, given the [illegible] of risk.

Exactly how well shareholders are rewarded now depends on the ability of individual companies [illegible] and cash. [illegible] annual [illegible]ciency target [illegible] operating costs [illegible] per cent is higher than that imposed [illegible] companies by [illegible] regulator a fortnight ago. But the Recs are quietly [illegible] the [illegible] companies will have [illegible] borrow [illegible] bridge [illegible] cash flow and capital spending, most of the Recs will enjoy positive cash flow. All 12 compa[illegible] from [illegible]holders to buy back shares: their timing could separate leaders from laggards.

Whether the prospect of five years [illegible] positive [illegible] enough [illegible] flush [illegible] potential [illegible]tain. A predator able to cut costs faster than the incumbent management and invest surplus cash to the benefit of shareholders [illegible] certainly deserve a hearing. Given Mr Littlechild's faith in the power of market forces, [illegible] difficult [illegible] imagine the regulator instinctively siding with the def[illegible].



Source: FT Graphite

Reed Elsevier

The trouble with highly-rated companies like Reed-Elsevier is that they have to run fast to stand still. The fall of nearly 3 per cent in Reed's shares after yesterday's interim results suggests disappointment with the pace of organic growth. The impact of last year's acquisitions, notably Official Airline Guides (OAG), accounted for £15m out of the £33m increase in pre-tax profits. But to worry too much about how much organic growth may be evident at any one stage of the cycle may be to miss the point. Reed Elsevier's longer term future depends heavily on how the group is reshaped by acquisitions.

The good [illegible] is [illegible] OAG [illegible] to be working well. Thebad news is that the [illegible] large companies at which Reed Elsevier has [illegible], Ziff and Mead Data, look expensive. Though [illegible] is generating large amounts [illegible] it [illegible] wish [illegible] interest cover reduced [illegible] six or [illegible]. It thus has around £1bn to play with. It cannot afford both Ziff and Mead and needs to nego[illegible] indicated prices [illegible] substantially. [illegible] little danger [illegible] over[illegible], but some nimble footwork is required [illegible] large pur[illegible] is [illegible].

Royal Insurance

Royal has trailed [illegible] top [illegible] companies [illegible] so long [illegible] yesterday's half-year figures are something of an [illegible]. Pre-tax profits to the end of June were £191m. That is [illegible] higher [illegible] reported by Commercial Union earlier [illegible] only [illegible] shade [illegible] than [illegible] Accident. [illegible] Royal [illegible] around £1.7bn, against [illegible] for GA [illegible] over £3bn [illegible] CU. Unless Royal's earnings [illegible] significantly [illegible] quality than those of its rivals, this rela[illegible] valuation [illegible].

Royal's [illegible] UK domestic property insurance [illegible] certainly [illegible] reason for caution. Last winter was especially benign in terms of [illegible]. While all the composite [illegible] will have to [illegible] lower margins [illegible] the UK as rate competition [illegible] Royal's mix of business could lead to more volatile returns. Its performance in the US also [illegible] a concern. [illegible] allowing for the impact of bad weather in the first quarter, Royal is struggling to turn the business around. If the company can start to convince on that score, though, it will deserve a rating more in line with its peers.

Shell

As far as their views on oil prices [illegible] concerned, BP and Shell seem [illegible]denly to have switched roles. BP, traditionally bullish, was distinctly lukewarm last week while Shell, historically cautious, now appears more upbeat. The change is curious since, [illegible] yesterday's interim [illegible] than BP from [illegible] higher oil price. Not only does Shell [illegible] more downstream business, where margins [illegible] be squeezed when the oil price rises; [illegible] also has more exposure to high tax rate [illegible]tries, which damps the earnings impact of price fluctuations.

Even allowing for that and for an undisclosed tax hit in the second quarter, [illegible] in Shell's exploration and production earnings compared with [illegible] months [illegible] disappoint[illegible]. Nor [illegible] there much sign of the [illegible] of Shell's cost-cutting programme, but then it was always unrealistic to expect the same sort of transformation being wrought at BP, [illegible] that Shell was much more efficient to [illegible] with.

For oil price bulls, [illegible] is greater upside in BP which is also more geared to recovery in European petrochemicals while Shell will suffer more pain [illegible] slump in [illegible] refining margins. Although BP's [illegible] price has outperformed [illegible] the past two years, it still stands at [illegible] earnings discount which [illegible]ingly hard [illegible] justify.

Bonds

Interest [illegible] rises in Sweden and Italy yesterday [illegible] ringing in bond markets [illegible] Europe. But [illegible] logic which [illegible] other countries [illegible] bound [illegible] flawed. [illegible] and Italy both [illegible] specific problems in reducing their [illegible] which are [illegible] replicated elsewhere.

True, their moves [illegible] reminder that [illegible] general turn in rates is inevitable once the recovery [illegible] firmly [illegible]. But [illegible] falls [illegible] over 1 point in the German government bond [illegible], the [illegible] is unlikely to [illegible] in the short term. Indeed if currency [illegible] high deficit European [illegible] intensify, a strong D-Mark may speak for delay.

Markets

Continued from [illegible] 1

to 11.26 per cent from 10.77 per [illegible] on Wednesday. The yield [illegible] Swedish nine-year [illegible] by just [illegible] half [illegible] percentage point to 11.28 per cent.

In the UK, the price of 10-year gilts fell 1½ points, pushing the [illegible]ld to 8.67 per cent from 8.42 [illegible] cent, while in Germany, [illegible] yield [illegible] 10-year [illegible] rose [illegible] 7.20 per cent from 7 per cent.

Clinton threat over arms ban

[illegible] Page 1

involvement "increased, [illegible] decreased".

The lightly [illegible]ingly assertive Bosnian army, which would profit most from access to western heavy weapons, yesterday [illegible] make advances against Bosnian Serb troops. Increased movement [illegible] Bosnian government troops around Sarajevo [illegible] an increasing [illegible] for UN [illegible].

However, around Sarajevo, fighting [illegible] reportedly tapered off a day [illegible] UN threatened both [illegible] with [illegible] air [illegible] violating [illegible] heavy [illegible] exclusion [illegible]. The first threat of air strikes directed at the Bosnians [illegible] come as the [illegible] army appeared increasingly [illegible] launch [illegible] military campaign [illegible] strategic [illegible] from the [illegible].

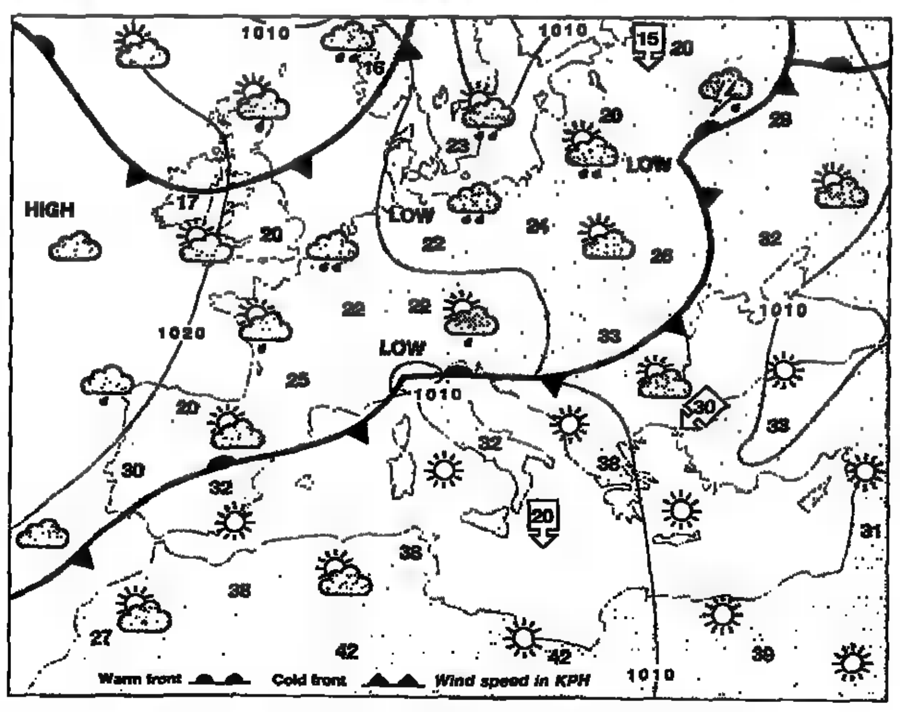
FT WEATHER GUIDE

Europe today

[illegible] depression over [illegible] Norwegian [illegible] will [illegible] cool, unstable air into the Norwegian [illegible] following a rain-bearing cold front. Showers will reach [illegible] coast and there will be few breaks in the cloud. Another depression over northern Germany will trigger showers over the Lowlands, southern Sweden and the Baltics. Portugal, France and Alpine countries will have sunny periods with an odd shower. Tropical heat and sunny skies will influence the Mediterranean. Turkey and the Ukraine will have temperatures well above 30C with mostly clear skies. Thunder showers will erupt just north of the Black Sea.

Five-day forecast

Conditions will become settled over the Benelux this weekend as high pressure builds over the North Sea. The high will move towards Scandinavia early next week, replacing unsettled and cool conditions. The UK will have more sunshine, but with scattered to broken cloud. As low pressure develops over France, there will be a warming trend from the Low Countries to the [illegible]. The Ukraine, Turkey and Greece will notice a drop in temperatures as cool air is drawn south.



Situation at [illegible] GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	[illegible]
Accra	cloudy	[illegible]
Algiers	[illegible]	35
[illegible]	thund	[illegible]
Athens	sun	37
Atlanta	fair	[illegible]
B. Aires	[illegible]	[illegible]
B.ham	fair	21
Bangkok	[illegible]	[illegible]
Barcelona	sun	28
[illegible]	[illegible]	32
Belfast	fair	17
Belgrade	fair	32
Berlin	fair	23
Bermuda	fair	32
[illegible]	cloudy	20
Bombay	drzzl	31
Brussels	thund	18
Budapest	thund	27
C.hagen	[illegible]	21
Cairo	sun	39
Cape Town	[illegible]	16
[illegible]	thund	28
[illegible]	fair	20
Casablanca	fair	27
Chicago	[illegible]	28
Cologne	thund	18
[illegible]	[illegible]	30
[illegible]	sun	[illegible]
Delhi	thund	[illegible]
Dubai	sun	41
[illegible]	cloudy	17
[illegible]	sun	32
Edinburgh	fair	[illegible]
[illegible]	sun	27
Frankfurt	shower	[illegible]
Geneva	fair	24
Gibraltar	sun	31
Glasgow	fair	18
Hamburg	fair	22
[illegible]	fair	[illegible]
Hong Kong	[illegible]	31
Honolulu	fair	33
[illegible]	sun	35
[illegible]	fair	32
Jersey	cloudy	[illegible]
Karachi	cloudy	[illegible]
Kuwait	sun	[illegible]
L. Angeles	fair	[illegible]
Las Palmas	cloudy	27
Lima	cloudy	18
Lisbon	fair	[illegible]
London	fair	[illegible]
Lux.bourg	[illegible]	[illegible]
Lyon	sun	[illegible]
Madeira	fair	[illegible]
Madrid	sun	[illegible]
Majorca	sun	[illegible]
Malta	sun	36
Manchester	cloudy	18
Manila	cloudy	33
Melbourne	rain	14
Mexico City	cloudy	[illegible]
Miami	thund	31
Milan	sun	30
Montreal	[illegible]	[illegible]
[illegible]	shower	[illegible]
[illegible]	[illegible]	22
[illegible]	cloudy	26
Naples	sun	31
Nassau	thund	32
New York	shower	28
Nice	sun	28
Nicosia	sun	37
Oslo	fair	24
Paris	thund	24
Perth	cloudy	17
Prague	thund	23
Rangoon	drzzl	29
Reykjavik	shower	12
Rio	drzzl	26
Rome	sun	30
S. Frsco	sun	22
Seoul	rain	31
Singapore	cloudy	[illegible]
[illegible]	fair	24
Strasbourg	shower	[illegible]
[illegible]	[illegible]	20
Tangier	fair	[illegible]
Tel Aviv	sun	35
Tokyo	[illegible]	33
Toronto	fair	[illegible]
Vancouver	fair	[illegible]
Venice	sun	[illegible]
Vienna	fair	[illegible]
Warsaw	[illegible]	[illegible]
Washington	thund	32
Wellington	drzzl	10
Winnipeg	[illegible]	28
Zurich	fair	21

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IN BRIEF

Lac spurns [illegible] Royal Oak offer

Lac Minerals, the Canadian mining group trying [illegible] fend off unwelcome predators, has rejected a C$2.4bn (US$1.73bn) takeover bid from Royal Oak Mines, the much smaller Vancouver-based gold pro-[illegible] 14

Hopes of increased bid boost Esab shares
Shares in Esab, the Swedish welding group, defied a [illegible] fall [illegible] the Stockholm [illegible] exchange [illegible] investors gambled on a higher takeover bid from Charter, the UK industrial group. Page 14

[illegible] lift Thomson profits
Thomson Corporation, the Canadian travel and publishing group, recorded a 39 per cent rise in second quarter earnings after being helped by gains from asset sales. Page 15

Goodwill Games hurt TBS income
Turner Broadcasting System, the US entertainment and news group, yesterday reported a sharp drop in second quarter net income from $31m to $13m, following losses [illegible] the 1994 Goodwill Games in St Petersburg. Page 15

Loans move signals sea-change on Wall St
Three of the US's largest securities houses have recently started to set up commercial loans units. Page 15

SCI buys funeral stake
Service Corporation International, North America's largest funeral group, yesterday continued its aggressive foray into the UK burial business by buying a 3 per cent stake in Plantsbrook, the sector's largest quoted company. Page 18

Smith & Nephew on acquisition trail
Smith [illegible] Nephew, the UK healthcare group, is "actively looking for acquisitions", Mr John Robinson, chief executive, said yesterday. A disposal [illegible]lier this week left gearing at just [illegible] per cent and the company is likely to have a net cash position by the end of 1994, he said. Page 18

BOC suffers from Forane factor
BOC, the UK industrial gases and healthcare company, continues to suffer from depressed sales in pharmaceuticals following the expiry of the patent on its anaesthetic [illegible] the US, Forane. Page 18

Property sales help Swire Pacific
Swire Pacific, the Hong Kong-based property, aviation and trading group, reported a 14 per cent rise in first-half net profits, boosted by property sales and steady growth in rental income. Page 16

Tin puzzles over China
The tin industry is obsessed by the question of [illegible]hen the Chinese government will gain tighter control over its recalcitrant tin miners. Page [illegible]

Bourses derailed by Swedish rate rises
Swedish rate rises derailed bourses after a morning on the upgrade, while Italy's increase came too late to make its impact Back Page

Chief [illegible] changes yesterday

FRANKFURT (DM)				Immobanque	[illegible]	+	12
Rises				**Falls**			
Asko	1035	+	35	Alcatel	623	–	11
Bilfinger Berg	840	+	17	Cr Foncier	888	–	10
Kaufhof	527	+	[illegible]	L'Oreal	1173	–	22
VEW	375	+	20	Promodes	902	–	31
Falls				**TOKYO (Yen)**			
Deutsche Bank	706	–	17.5	**Rises**			
Mannheim Vers	740	–	10	Nippon Soda	457	+	18
NEW YORK ($)				Sony	6000	+	20
Rises				Takasago	852	+	14
Gap Stores	38½	+	2½	Yamaha Motor	[illegible]	+	[illegible]
[illegible]	60¼	+	½	**Falls**			
Louis Dev	41	+	4	Hitachi	1000	–	20
Microsoft	55⅛	+	1⅛	Matsushita Elec	1770	–	10
Neutrogena	26¾	+	5				
US Bioscience	6¼	+	¾				
PARIS (FFr)							
Rises							
CGIP	1206	+	22				

New York prices at 12.30.

LONDON (Pence)				**Falls**			
Rises				Acatos & Hutch.	[illegible]	–	10
Bespak	288	+	14	Acton	[illegible]	–	14
Bullers	16¾	+	3¼	BOC	[illegible]	–	30
[illegible] Mid. Elect	682	+	40	[illegible]	[illegible]	–	13
[illegible]	17	+	5	GKN	640	–	17
Horace Small	[illegible]	+	6	Johnson Clean	[illegible]	–	[illegible]
Lon. Elect.	[illegible]	+	61	Mersey Docks	431	–	24
Millgate	34	+	4	[illegible]C	971	–	16
Relyon	[illegible]	+	21	[illegible] Time Cont	146	–	12
Rose Evans	104	+	[illegible]	Reed Intl.	[illegible]	–	22
Shanks & McEwan	97	+	13	Severn Trent	549	–	10
Southern Elect	714	+	[illegible]	Shell Trans	[illegible]	–	12
Tadpole Tech	418	+	[illegible]	[illegible]	114	–	8
Tiphook	38	+	4				
UMECO	66	+	6				

Anglo-Dutch publisher plans acquisitions and New York listing as profits rise 12%

Reed Elsevier seeks to raise profile in US

Ashley Ashwood
Ian Irvine and Pierre Vinken, co-chairmen of Reed Elsevier, at yesterday's results meeting in London

By Tim Burt in London

[illegible] Elsevier, [illegible] Anglo-Dutch information [illegible] publishing group, yesterday said it was considering making a [illegible] expand its presence in the US.

The group has been conducting due diligence on Ziff Communications, [illegible] world's largest publisher of computer [illegible], and Mead Data Central, the electronic information arm of Mead Corporation, the US paper group, and is expected decide whether to [illegible] month.

Mr Ian Irvine, [illegible] co-chairman, [illegible] made operating profits in the US of £134m ($207.7m) [illegible] the first half of this [illegible] America helped lift pre-tax profits 12 per cent to £314m in the six months to June 30.

Acquisitions in English language markets are part of the group's long-term strategy, but [illegible] that the current prices [illegible] for Ziff and Mead Data "were nowhere near [illegible] expectations".

City analysts [illegible] – the privately-held publisher [illegible] annual sales of about $1bn – was on [illegible] for between $2bn and $3bn, while Mead Data – the world leader in providing on-line and CD-Rom legal information – could fetch more than $1bn.

[illegible] be prepared to borrow up to £1bn to finance acquisitions, but would proceed only if [illegible] businesses promised to generate sub-[illegible].

Analysts said such borrowings could increase full-year interest payments to more than £30m. Net [illegible] expenses in the first half rose to £26m (£14m) on net borrowings of £552m.

Mr Irvine ruled out a rights issue to finance the deals, saying debt-financed acquisitions would prove cheaper as long as the group maintained its healthy cash flow. At the interim stage, operating [illegible] £217m before exceptional items.

Mr Pierre Vinken, co-chairman, said the group would also raise its profile in North America by seeking a listing in New York. "This [illegible] the increasing importance of Reed Elsevier's business in the US and the desire to achieve a broader ownership of shares in Reed International and Elsevier."

The listing could also make it easier for the group to raise dollar-denominated loans.

Analysts [illegible] plans for large US acquisitions and the [illegible] by Mr Peter Davis, Reed Elsevier's [illegible] co-chairman who resigned in June. Mr Vinken, however, said: "Mr Davis's departure had nothing to do with strategic differences. It was all about refocused responsibilities."

The group is next week expected to [illegible] a compensation package for Mr Davis, who earned £636,592 last year including performance-related bonuses. Although one analyst [illegible] he could receive £800,000, Mr Irvine [illegible] "The [illegible] will [illegible] well within the maximum that could have been paid." Shares in Elsevier, which is planning a 10-for-1 [illegible] to improve liquidity, ended down Fl 2.10 at Fl 171.90 in Amsterdam. [illegible] International shares closed down 22p at 806p in London.

Lex, Page 12; Results, Page 19; Market, Page 27

Shell optimistic despite fall in profits

By Peggy Hollinger in London

Royal Dutch/Shell yesterday sought to offset news of a sharper than expected decline in second quarter profits with encouraging comments on the outlook for oil prices this year.

Demand was increasing more rapidly than expected and prices could remain above second quarter levels for the rest of the year, the group said. The statement contrasted with Shell's warning in February that it expected oil prices to remain depressed.

Although crude prices were on average 12 per cent lower during [illegible] quarter at about $16.05 a barrel, by the end of the period they had recovered to levels similar to those achieved in the same period of 1993. Disrupted production in Nigeria had helped pri[illegible] improve [illegible] since June. "The signs are more optimistic," the company said.

Shell announced a 7 per cent drop in profits on a replacement [illegible] – [illegible] excludes the effects of inventory changes – to £574m ($889.70m) for the second quarter. Interim profits were 4 per cent lower at £1.52bn.

The second quarter decline was [illegible] to lower oil prices and a sharp drop in refining margins, as well as charges and currency [illegible] totalling a net £211m. This included a £322m gain on a property sale in Hong Kong.

Stripping out the £133m net exceptional charges and £78m in currency losses, underlying profits fell by 12 per cent to £785m. This was £100m less than had been expected, and Shell's shares in London fell 12p to 718p.

Analysts said they were disappointed at the performance of the exploration and production business, which saw profits fall by 43 per cent to £233m in the quarter. "BP and Chevron managed to offset oil price weakness with cost reduction," said Mr Fergus McLeod of brokers NatWest Securities. "That does not seem to be coming through at Shell." Shell began to cut costs later than its rivals, but is also widely acknowledged to be an efficient company with less fat to cut.

The upstream business was hit by a higher tax rate as well as the low oil price and exceptional items. This offset the [illegible] of higher volumes in both oil and gas. Shell increased its net crude production and natural gas sales outside the US by 8 per cent.

Downstream activities such as refining and marketing were also affected, returning profits 10 per cent lower at [illegible].

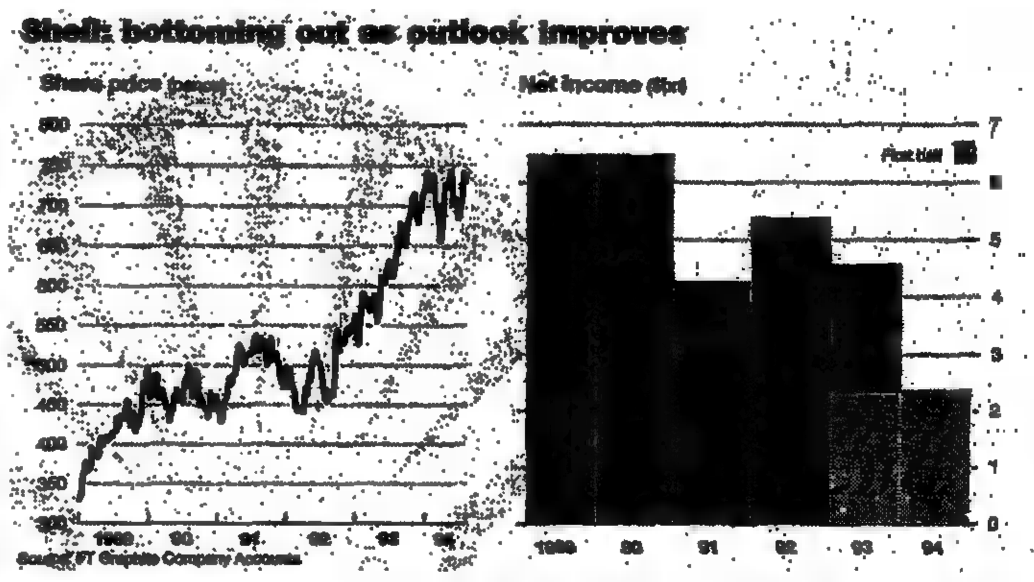
The [illegible] business returned to the black with profits of [illegible] before exceptional charges of [illegible]. After the charges – mainly related to a fire in a US petrochemicals plant, property losses and asset sales – losses were more than halved [illegible] £70m. Shell said the division was showing encouraging growth, with [illegible] 11 [illegible] ahead in the quarter.

Metals incurred a £108m loss, reflecting costs related to the £1.14bn sale of Billiton to Gencor. Shell is planning to float its Australian mining assets and sell its Chilean copper mine this year. These disposals are expected to more than offset the metals loss.

Interim dividends [illegible] Royal Dutch and Shell Transport, which account for 60 and 40 per cent of the group's profit respectively, will be announced on September 15.

Lex, Page 12

Shell: bottoming out as outlook improves



Source: FT Graphite Company Accounts

SKF back in black on car upturn

By Christopher Brown-Humes in Stockholm

The recovering European [illegible]motive industry provided the impetus for a strong first-half performance [illegible] SKF, enabling the [illegible] leading maker of roller bearings [illegible] rebound [illegible] a SKr817m [illegible] profit from a SKr469m loss.

The result, at [illegible] top end of expectations, was driven by a 13 per cent increase in volumes which pushed [illegible] 14 per cent [illegible] SKr16.6bn. But it [illegible] accompanied by warnings that demand was unlikely to rise as rapidly in the second half.

Mr Mauritz Sahlin, managing director, [illegible] "There are now [illegible] that inventory build-ups are beginning to occur. Eventually such build-ups usually lead to a levelling off in demand."

[illegible] warning did nothing to disturb the group's forecast of full-year profits of SKr1.5bn. However, general turbulence on the Swedish stock market caused by higher interest rates saw SKF's B shares fall SKr8 to SKr148.

In the second quarter, profits amounted to SKr511m, swinging from a SKr114m loss, as sales rose 17 per cent to SKr8.57bn.

The group's revival has been driven by rising demand from European car and truck producers and double-digit productivity gains. SKF is a significant supplier to most of Europe's largest [illegible] manufacturers, [illegible] Renault.

Mr Sahlin said: "New car sales [illegible] to recover in [illegible] and after six months matched the level achieved during the preceding year. [illegible] and Great Britain showed improvements in sales, each with second quarters that were stronger than the first."

The company said it was continuing to win market share, with supplies [illegible] increasing faster than production. It also benefited from a rising sales trend in the US market and from better figures from its two other segments, machinery and after-market.

The group's main unit, [illegible]ings and seals, made a first-half profit [illegible] SKr749m, against a SKr251m loss, as sales increased to SKr15.4bn from SKr13.5bn.

[illegible] Steel [illegible] returned [illegible] the black, posting a SKr74m profit on sales of SKr1.92bn. The turnround from a SKr224m loss [illegible] helped by restructuring, a better product mix, higher demand and rising prices.

Chemicals recovery helps Veba maintain momentum

By Christopher Parkes in Frankfurt

Veba, [illegible] energy-based conglomerate, has continued its profits drive with a 30 per cent increase in first-half pre-tax earnings.

Following the 18.5 per cent rise in the first quarter, Germany's second-biggest electricity provider yesterday repeated forecasts of a significantly improved result for the full year.

Revitalised by restructuring in its chemicals divisions, and reinforced with [illegible] electricity operations [illegible] Germany, Veba [illegible] DM1bn [illegible] in the [illegible] period on sales up 7 per cent to DM35.5bn.

[illegible] interim result, published in a letter to shareholders yester[illegible] included a DM120m provi[illegible] for further cost-cutting in chemicals. Including the closure of a rubber production plant, the [illegible] is intended to [illegible] annual labour costs by DM800m.

[illegible] already taken had led to a considerable improvement in operating results from chemicals, although extraordinary items meant the half-year figure remained negative. At the end of the half, the divisions employed 32,430, some [illegible] per [illegible] than at the end [illegible] 1993.

Total deliveries from the Hüls chemicals division rose 15 per cent, or 10 per cent after adjustment for consolidations and disposals. In common with other German chemicals makers, [illegible] reported most volume increases going [illegible] foreign customers. Domestic [illegible] only slightly.

[illegible] from electricity increased 29 per cent to DM8bn, due to the inclusion of majority stakes in five regional utilities in the former East Germany.

Power [illegible] from the PreussenElektra subsidiary rose 20 per cent due to the acquisitions, while deliveries in the west showed above average growth of 1.3 per cent.

The oil business [illegible] better profits on turnover up 5 per cent [illegible] DM7.5bn, [illegible] Veba said the result was still unsatisfactory.

Services, transport and trade, contributing DM14.9bn to total sales, also generated earnings above last year's high level.

After adjustments for consolidation effects, and the inclusion of 5,600 east German electricity workers, the total workforce increased 1.7 per cent to 130,500 in the review period.

BV CAPITAL MARKETS, NEW YORK

Česká General Food a.s.
The leading [illegible] of food and household goods in the Czech Republic

100,000 Shares
Price Kc 3,000 Per Share

[illegible] been placed with international institutional investors.

This announcement appears as a matter of record only and is neither an offer to [illegible] nor a solicitation to buy [illegible] securities. These securities mentioned herein have not been registered under the Securities Act of 1993 and may not be offered or sold in the United States or to a U.S. person, absent registration or an applicable exemption from the registration requirements. These [illegible] have been previously sold.

BV Capital Markets
Vereinsbank

Power price controls lift shares

By Michael Smith in London

Shares in the regional electricity companies of England and Wales rose sharply yesterday as investors welcomed a regulatory review which consumer organisations and opposition parties dismissed as inadequate.

Professor Stephen Littlechild, director general [illegible] Office of Electricity Regulation, said he was cracking down on the companies. He said the price controls would save families an average of £70 ($108) to £90 over the next five years.

His formula, under which permitted prices in power distribu[illegible] businesses will fall next April by between 11 and 17 per cent, was accepted immediately by three of the 12 regional companies to which they apply.

Although the other nine could still appeal to the Monopolies and Mergers Commission, they [illegible] expected to follow the lead of [illegible] Electricity, East Midlands Electricity and Seeboard in accepting the decision.

After next year's price cuts, electricity companies will be required to restrict annual distri[illegible] price [illegible], which [illegible] up more than a quarter of final bills, to 2 percentage points below inflation.

The stock market welcomed the review. Share prices in the companies rose by up to 10 per cent with London Electricity, up 61p to 645p, leading the way. Southern Electric was up 51p to 714p, and Eastern Electricity rose [illegible] to 739p, a new high.

[illegible] Council said the cuts did not go far enough and failed to redress the balance between companies, shareholders [illegible] after recent excessive profits.

Environmental groups were angered by the absence of stronger measures to encourage energy efficiency.

Prof Littlechild said prices in the regional companies' distribu[illegible] were [illegible] high, but added: "If companies are going to make significant profits they're going to have to work much harder than at present."

He denied being too soft on companies. "I have allowed these (current) price controls to run on because that's the period they were set for – five years. Now those terms are finished, it's [illegible] for me to crack down – and that's what I'm doing."

Lex, Page 12; Market, Page 27

Lac spurns bigger Royal Oak offer

By Bernard Simon in Toronto

Lac Minerals, the Canadian mining group trying to fend off unwelcome predators, has rejected a [illegible] (US$1.73bn) takeover bid from Royal Oak Mines, the much-smaller Vancouver-based gold producer.

Royal [illegible] earlier this [illegible] raised its cash-and-shares offer from C$2.2bn, mainly by improving the cash component. But Lac yesterday [illegible] a long list [illegible] objections, claiming the bid [illegible] "inadequate and not in [illegible] interests [illegible] Lac and its shareholders".

Lac [illegible] received an unsolicited bid [illegible] Barrick, the Toronto-based gold producer. Although the Barrick offer [illegible] worth [illegible] than Royal Oak's, it has the advantage of including Barrick's relatively liquid and well-regarded stock.

It would come as no surprise however, if Barrick sweetened its [illegible] within [illegible] week or two.

Mr Jim Pitblado, Lac chairman, [illegible] yesterday that "there is significantly greater value for shareholders in keeping Lac independent than there is in Royal [illegible] revised offer".

[illegible] 70 [illegible] the [illegible] comprises paper based on Royal Oak's "low-quality, short-lived and high [illegible] assets".

In addition, "the highly leveraged balance sheet [illegible] the proposed combined company would [illegible] it [illegible] no ability to finance [illegible] exciting development opportunities".

But Mr Victor Flores, who manages a gold fund [illegible] Services Advisors of San Antonio, Texas, which owns a sizeable block of Lac shares, predicted that, following the [illegible] of bids, the battle for Lac could be [illegible] a conclusion.

"If [illegible] else wants to make an offer, they'd better [illegible] it pretty quickly," Mr Flores said.

[illegible] hopes that several US gold-fund shareholders will back its fight for independence on the grounds that they want a diversified portfolio and are already at or close to their [illegible] limits on American Barrick shares.

But Mr Bill Martin, who runs a gold [illegible] Benham Capital Management in [illegible] Francisco, said that the [illegible] sion would probably come down [illegible] "the [illegible] price you [illegible] get [illegible] Lac".

PepsiCo to launch ready-to-drink coffee

[illegible] Richard [illegible] in New York

PepsiCo, the US soft drinks [illegible] yesterday signalled its intention to launch an [illegible] one of the few untapped areas of potential growth in [illegible] US beverage industry: [illegible] market [illegible] ready-to-drink [illegible] in [illegible].

Its Pepsi-Cola subsidiary [illegible] formed a partnership [illegible] Starbucks Coffee, [illegible] hottest [illegible] in the fast-growing [illegible] gourmet [illegible] sector, [illegible] develop [illegible] range of coffee-based drinks that will be [illegible] through [illegible] same outlets [illegible] existing Pepsi-Cola drinks.

[illegible] marketing should begin next year.

Pepsi-Cola [illegible] the drinks would [illegible] marketed under the Starbucks [illegible] because this had become the premium [illegible] trademark in the US.

Initially they will probably [illegible] sold in [illegible] from refrigerated units. However, [illegible] partnership [illegible] considering selling [illegible] in [illegible].

The [illegible] of [illegible] partnership will be seen in the beverage industry [illegible] an attempt [illegible] emulate the striking [illegible] in the [illegible] of ready-to-drink [illegible] tea, which in [illegible] has become [illegible] $1.5bn-a-year market.

PepsiCo has already entered the iced [illegible] through [illegible] similar joint [illegible] which it formed with the [illegible] J. Lipton [illegible] in January [illegible] under which it [illegible] number of flavoured [illegible] drinks under [illegible] Lipton Original brand.

Ready-to drink coffee is already available in the US, but it is still a small category.

[illegible] in [illegible] part of the Philip Morris [illegible] and [illegible] group. [illegible] Coca-Cola [illegible] to be poised to [illegible] market.

The [illegible] Starbucks [illegible] from 11 [illegible] in 1987 to become [illegible] leading [illegible] specialty [illegible] in North America, [illegible] more than [illegible].

In the process [illegible] helped [illegible] taste in [illegible] specialty [illegible].

First-half profits surge at Royal Insurance

By Richard Lapper in London

Royal Insurance, [illegible] UK composite insurer, yesterday confirmed the extent [illegible] recovery when [illegible] posted [illegible] profits of £191m [illegible] the [illegible] six months of 1994, [illegible] more than [illegible] same period [illegible] year.

[illegible] of [illegible] General Accident and Commer[illegible] Union earlier [illegible] week, Royal's figures [illegible] expectations, reflecting especially buoyant trading condi[illegible] in [illegible] UK market, [illegible] rates have increased and claims fallen [illegible] the [illegible] year.

The insurer recorded an underwriting profit [illegible] £78m in [illegible] UK, where [illegible] and [illegible] badly hit by heavy [illegible] and [illegible].

Mr [illegible] Gamble, [illegible] chief executive, [illegible] his [illegible] pany's performance [illegible] ever" in [illegible] UK, [illegible] results [illegible] at least [illegible] good [illegible] those of competitors, whose [illegible] more highly [illegible] by [illegible] markets.

"We [illegible] with the pack," he said, adding [illegible] group [illegible] "better placed than [illegible] before [illegible] maintain [illegible] disciplined approach [illegible] any change in market conditions".

UK underwriting profits from [illegible] (home buildings and contents) business amounted [illegible] £53m, with the company's operating ratio (claims plus expenses as a [illegible] premiums) [illegible] to 83.7 [illegible] cent from [illegible] per cent [illegible].

Royal said [illegible] competi[illegible] was not as tough [illegible] predicted, [illegible] frequency and severity [illegible] was falling [illegible] a result [illegible] both [illegible] weather [illegible] improvements in the broader [illegible].

In [illegible] US, Royal [illegible] hit by [illegible] more than £17m from [illegible] Los Angeles earthquake and [illegible] number [illegible] heavy weather claims. Total [illegible] underwriting losses were $185m, compared [illegible] $153m [illegible].

Canadian underwriting losses fell [illegible] from C$37m, and [illegible] broke even on its underwriting in other international territories, making a £8m surplus in the Caribbean [illegible] South America.

Analysts were encouraged by a higher than expected increase in the interim dividend to [illegible] from [illegible] last [illegible].

The [illegible] the [illegible] up 6p [illegible] at [illegible].

Mr Stephen Bird, analyst with Smith New Court, [illegible] in spite [illegible] positive [illegible] insurers, investors [illegible] shown little [illegible] competition could dampen profitability.

[illegible] general insurance premium income rose 3 [illegible] in underlying terms [illegible] £1.78bn from £1.88bn. Long-term premiums fell 3 per [illegible] in underlying [illegible] £807m.

Total [illegible] income showed [illegible] small reduction [illegible] £243m, from [illegible]. Worldwide [illegible] annual life premiums rose 3 per [illegible], with [illegible] premiums [illegible] 12 per [illegible] to £282m. [illegible] group's estate [illegible] incurred losses [illegible] £6m and loan [illegible] amounted [illegible] £16m.

[illegible], Page 12

Hopes of increased bid boost Esab shares

By Hugh Carnegy in Stockholm

Shares in Esab, the Swedish welding group, yesterday defied a sharp general [illegible] on the Stockholm stock exchange as [illegible] gambled on [illegible] higher bid from Charter, the UK industrial group.

In spite [illegible] near 2 per cent fall in the general index sparked by [illegible] unexpected [illegible] interest rates, Esab B [illegible] rose [illegible] further SKr5 to SKr365, SKr20 [illegible] Charter's offer of SKr345 per share.

The [illegible] ran into trouble earlier this [illegible] when five Swedish institutional shareholders, holding almost 20 per cent of the voting capital in Esab rejected the Charter bid, saying it was underpriced.

Charter already holds acceptances worth [illegible] cent [illegible] the votes, but [illegible] condition of winning [illegible] by today's [illegible] order to achieve [illegible] complete [illegible] welding equipment supplier.

Charter said [illegible] would see how [illegible] of [illegible] balance of [illegible] deciding [illegible] move, which is not expected [illegible] the [illegible].

The UK company still insists its bid – recommended by the Esab board and accepted by [illegible] controlling shareholder, [illegible] Wallenberg company Incentive – [illegible], but many minority shareholders believe a higher offer is likely.

Charter has not publicly ruled out raising the bid in light of a sharply increased profit forecast issued by Esab earlier this week and the rise in the Esab share price. But Mr Jeffrey Herbert, the chief executive, has also suggested Charter could pull out of the deal, as its agreement with Incentive allows if the 90 per cent level is not reached.

However, in Stockholm, shareholders believe Charter will be reluctant to walk away from an acquisition which so neatly satisfies its long search [illegible] fourth [illegible] industrial arm to add to its interests in building equip[illegible], coal and rail track equipment.

KLM starts year strongly as profits soar to Fl 122m

By Ronald van de Krol in Amsterdam

KLM Royal Dutch Airlines posted a strong increase in net profit in the first quarter of 1994-95, reflecting good demand for air travel sparked by general economic recovery as well as the company's cost-cutting efforts

Net profit surged to Fl 122m ($69.3m) in the three months to June 30 from Fl 40m [illegible] year earlier. Per-share profits were up 82 per cent at Fl 1.31 after the 60 per cent expansion of KLM's ordinary share capital in early [illegible].

KLM said part of the profit increase was due to its partnership with Northwest Airlines [illegible] the US, including the two companies' [illegible] joint launch of a new business [illegible].

The Dutch national carrier [illegible] it was "cautiously optimistic" for [illegible] rest of the year but it made [illegible] specific profit forecast.

Total traffic, comprising passengers, mail as well as cargo, was up 12 per cent. But yields were down 3 per cent, due to the relatively stronger growth of cargo traffic and the continued [illegible] among [illegible] towards seeking out cheaper [illegible] and [illegible].

Turnover [illegible] by 7 [illegible] cent to Fl 2.26bn, while [illegible] were [illegible] per cent at Fl 2.05bn.

Unit costs fell 6 per cent.

KLM said the reduction [illegible] financial expenses by Fl 14m [illegible] Fl 92 was due to a rise in interest income.

The results contributed by associate [illegible] swung into to a positive Fl 7m [illegible] tive Fl 7m in the same [illegible] quarter. This item [illegible] KLM's share in the results of companies like Air UK [illegible] well [illegible] Dutch charter airlines.

KLM gradually wrote down the value of [illegible] per cent [illegible] in Northwest during the years that the US airline was loss-making, so Northwest's figures are no longer included. Northwest has [illegible] returned to profit.

Fokus Bank extends recovery

By Christopher [illegible]

Fokus Bank, Norway's third [illegible] bank, [illegible] yesterday [illegible] first-half profits [illegible] to NKr178.9m [illegible], up from NKr145.8m [illegible] earlier. [illegible] compensated [illegible] on securities, it stated.

Mr Bjarne Borgersen, the [illegible] acting [illegible] director, [illegible] "very satisfying". The figures consolidate [illegible] recovery [illegible] last [illegible] when the bank reported its first profit for four years.

Fokus [illegible] by [illegible] in [illegible] during Norway's [illegible] banking crisis since the [illegible] world war.

[illegible] loan [illegible] period fell [illegible] from NKr174.7m, ahead of the [illegible] own projections, [illegible] total non-performing [illegible] tumbled from NKr2.7bn [illegible] NKr2.09bn.

Expenses were [illegible] by [illegible] to NKr450.3m [illegible] part of [illegible] sustained cost-cutting exercise.

This year's turmoil in bond markets provided [illegible] drag [illegible] the performance. [illegible] said it suffered a NKr27.0m net [illegible] after making a profit [illegible] in [illegible] first half of [illegible].

NEWS IN BRIEF

Pernod Ricard sales show fall

Pernod Ricard, the French drinks [illegible] first-half [illegible] FFr7.51bn ($1.39bn) in 1994, [illegible] per cent from FFr7.79bn last year, [illegible] reports from Paris.

Pernod [illegible] that first-half 1993 [illegible] inflated by anticipatory purchases ahead of [illegible] in [illegible] during July [illegible]. Strong foreign and non-alcoholic drink sales [illegible] year largely offset this [illegible].

SBC expands

Swiss Bank Corporation has [illegible] into a partnership agreement with four regional banks, in [illegible] attempt to strengthen [illegible] domestic market position, AP-DJ reports from [illegible].

The four [illegible] Bank in Gossau, Sparkassa Berneck, Bank in Niederuzwil, [illegible] Spar und [illegible] Wartau-[illegible]. Under [illegible] agreement, SBC will acquire a 5 per [illegible] in each bank. Terms [illegible] disclosed.

Sabena hopeful

Sabena, the Belgian national carrier, reported first-half [illegible]ings were BFr450m ($13.9m) higher [illegible] expected, fuelling hopes [illegible] the airline might break [illegible] in 1994, [illegible] reports from Brussels.

"For the [illegible] we received BFr450m more [illegible] we had expected," said Mr [illegible] spokesman. Airline [illegible] had been expecting a full-year loss of about BFr2bn.

Czech bank rallies after heavy loss

By Vincent Boland in Prague

Agrobanka, the Czech Republic's [illegible] biggest bank, posted a [illegible] ($107m) [illegible] year after making a big increase in loan-loss provisions, [illegible] Kcs4bn. However, the bank said [illegible] had recovered in [illegible] first half [illegible] current [illegible] a profit of [illegible].

The 1993 loss announced [illegible]terday wiped [illegible] bank's capital, leaving it with [illegible]tive equity of Kcs400m and with [illegible] negative capital ade[illegible] of [illegible] cent.

The [illegible] Bank, the central banking authority, has set [illegible] adequacy [illegible].

MERRILL LYNCH EQUITY/ CONVERTIBLE SERIES

Société [illegible] Variable
Registered [illegible] route d'Esch L-2953 Luxembourg
R.C. Luxembourg B-26272

NOTICE TO SHAREHOLDERS

Shareholders are kindly invited to attend a combined Ordinary and Extraordinary General Meeting to be held at the offices of Banque Internationale à Luxembourg S.A., 69, route d'Esch, Luxembourg on Friday 26th August, 1994 at 4:00 p.m.:

Ordinary General Meeting

1. Reports of the directors and of the independent auditor on the annual accounts for the period ended 31st May [illegible].
2. Approval of the audited annual accounts at 31st May 1994.
3. Decision on the disposal of net assets.
4. Discharge to be granted to the directors and to the auditor.
5. Election and Reelection of directors and reappointment of the independent auditors.
6. Approval of the remuneration of directors.
7. Miscellaneous.

Extraordinary General Meeting

1. Amendment of Article [illegible] of the Articles of Incorporation, to move the date of the annual general meeting of shareholders from the last Friday in August to the last Friday [illegible] September.
2. Decision to amend Article 19 of the Articles of Incorporation to provide for the appointment of the independent auditors on the annual general shareholders' meeting;
3. Decision to amend Article 20, second paragraph to add thereto wording to [illegible] effect that, upon a redemption request resulting in an aggregate residual shareholding of less [illegible] 100 US Dollars or a balance of less than 10 shares in any class, the Company may redeem all the remaining shares held by [illegible] shareholder.
4. Decision to amend Article 20, sixth paragraph to clarify that the Board may, subject to notice as described therein, redeem the Shares of a class or merge that class with another class of Shares of the Corporation or with another Luxembourg UCITS, in case the Board deems it appropriate because of changes in the economical [illegible] political situation affecting the Corporation [illegible] the relevant Portfolio, provided that such a merger decision by the Board for other reasons may only be effected, subject to the approval of shareholders of the affected portfolio, at a duly convened class meeting requiring no quorum [illegible] deciding at a simple majority of the shares present or represented.

Shareholders are advised that the annual ordinary general meeting requires no quorum of presence [illegible] decisions may [illegible] approved by a simple majority of the shares present [illegible] represented.
The extraordinary general meeting requires a quorum of presence of one half of the shares issued and decisions shall be carried if approved by 2/3 of the shares present and/or represented
The draft-text of the proposed amendments of the Articles of Incorporation is [illegible] for inspection at the registered office of the Company and [illegible] on request.

THE BOARD OF [illegible]

To the [illegible] of:
Olympia [illegible] York Maiden Lane Finance [illegible]
16% Secured Notes Due [illegible]
Notice of Additional Distribution

[illegible] direction of all of the members of the Olympia & [illegible] Lane Noteholders Committee, NationsBank of Tennessee, N.A., as successor trustee (the "Trustee") [illegible] (the "Indenture"), [illegible] as of December 23, 1985, of Olympia [illegible] Finance Corp. (the "Issuer"), pursuant to [illegible] the Issuer's [illegible] Notes Due [illegible] (the "Notes") were issued, will be distributing on August 22, [illegible] an additional sum of $7,000,000, or in other terms, $35 per each [illegible] original principal [illegible] held [illegible]. This sum [illegible] to be [illegible] pro rata on account of principal [illegible] on the Notes, in accordance with Section 5.03 [illegible] Indenture. [illegible] the Trustee believes that, pursuant to the Indenture, each $35 received should be apportioned and applied, $28.32 towards principal and $6.68 towards interest. Each holder is urged, however, to [illegible] own legal, tax and [illegible] advisors in determining the proper allocations, in its particular circumstances.

The $7,000,000 amount is being distributed from excess Cash Flow generated by 59 Maiden Lane, [illegible] building [illegible] the Notes. The distribution will be made to all holders of record on the Record Date of August [illegible].

As virtually all [illegible] the Notes are in bearer form, the Trustee does not have a complete list of Noteholders in order to communicate to the holders from [illegible] to [illegible] as necessary. Accordingly, [illegible] not previously [illegible] to contact [illegible] William J. Kennedy Senior Vice President of [illegible] of Tennessee, N.A. at [illegible] Main [illegible] Richmond, Virginia 23219-2441 (fax no. 804-344-1346) and indicate the principal amount of Notes owned by the holder and the holder's name, address, contact [illegible] and telephone number.

Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Indenture.

NationsBank of Tennessee, N.A., as Successor Trustee
Dated: August 12, 1994

Cheung Kong Finance China Limited
(incorporated in the Cayman Islands with limited liability)

U.S. $350,000,000
Exchangeable [illegible] Floating [illegible] Notes due [illegible]

guaranteed by
Cheung Kong (Holdings) Limited
(incorporated in Hong Kong with limited liability)

and exchangeable into [illegible]

Cheung Kong Holdings (China) Limited
(incorporated in Hong Kong with limited liability)

Notice [illegible] hereby given that for the Interest Period 11th August, 1994 to 14th November, 1994, the Notes will carry a Rate of Interest of 5.375 per [illegible] annum. The Interest Amount per U.S. $250,000 Note will [illegible] U.S. $3,546.01, payable [illegible] 14th November, 1994.

Listed on the Luxembourg Stock Exchange

Bankers Trust Company, London Agent Bank

ELSEVIER NV

[illegible] Offices at [illegible]

INTERIM STATEMENT AND DIVIDEND

On 10 August 1994 the Combined Meeting of the Executive Board and the Supervisory Board of Elsevier NV resolved to pay an interim dividend for the 1994 financial year of Dfl. 1.76 per ordinary share of Dfl. 1.00 par value.

From 22 August [illegible] the Elsevier shares will be traded ex-dividend. The interim dividend will be payable on [illegible] October 1994.

Holders of registered shares who are recorded in the register [illegible] shareholders on 19 August 1994 will receive the dividend, less 25 per cent withholding tax, through the bank or giro account which they have notified to the Company.

Holders of bearer shares will receive the dividend, less 25 per cent withholding tax, on submission of the No. 4 dividend coupon, at the offices of MeesPierson N.V., ABN [illegible] Bank N.V., Rabobank [illegible] Internationale Nederlanden Bank N.V. in Amsterdam, The Hague or Utrecht, The Netherlands. To holders of shares for which a CF-certificate has been issued, the dividend will be made available through the agency of the bank or broker who has custody of the dividend coupon sheet at close of business on 19 August 1994.

UK-resident shareholders may obtain a copy of the Interim Statement, including the results of the Reed Elsevier combined businesses, at the offices of Reed Elsevier (UK) Ltd., (Corporate Relations Department), [illegible] Chesterfield Gardens, London W1A 1EJ.

Amsterdam 11 August, 1994 Executive Board

ELSEVIER NV

Extraordinary General Meeting of Shareholders

30 August 1994 at 9.30 a.m.
at the Company's offices, Van de Sande Bakhuyzenstraat 4, Amsterdam, The [illegible]

The agenda for the meeting includes the announcement of the application for a listing of the ordinary shares on the New York Stock Exchange and a proposal to amend the Articles of Association following a proposal by the Combined Meeting of the Board of Supervisory Directors and the Board of Executive Directors to split the par value of ordinary shares from Dfl 1.00 (one guilder) to Dfl 0.10 (ten cents). The notification of the proposed appointment of Mr John Mellon to membership of the Supervisory Board will also be included on the agenda.

The agenda, the proposed amendment of the Articles of Association and Mr Mellon's biographical details as referred to in Article 24, para. [illegible] of the Articles of Association, as well as a proxy form are available for UK-resident shareholders at the offices [illegible] Reed Elsevier (UK) Ltd (Corporate Relations Department), [illegible] Chesterfield Gardens, London [illegible] 1EJ.

Holders of bearer shares are entitled to attend, either in person or by proxy authorised in writing, on submission of a receipt which shows that their share certificates will have been deposited, by no later than 29 August 1994, with a branch of any of the following banks in the [illegible] N.V., ABN AMRO Bank N.V., [illegible] Nederland or Internationale Nederlanden Bank N.V. in Amsterdam, Rotterdam, The Hague and Utrecht.

Registered shareholders and other registered holders [illegible] voting rights are entitled to attend the meeting, either in person or by proxy authorised in writing, if the Executive Board is notified in writing, by no later than 29 August 1994, of their intention to do so.

Amsterdam, 11 August 1994 Executive Board

U.S. $100,000,000
CCF
Crédit Commercial de [illegible]
Subordinated Floating Rate [illegible] Due 2005

[illegible] accordance with [illegible] provisions of the [illegible], notice is hereby given that for the Interest Period from August 12, 1994 to February 12, 1995 the Notes will carry an Interest Rate of 5.0625% per [illegible] interest [illegible] on [illegible] interest payment [illegible] February 13, 1995 will be U.S. $25.88 per U.S. [illegible] Note, U.S. $258.75 per U.S. $10,000 Note, U [illegible] per U.S. $100,000 Note.

By: The Chase Manhattan Bank, N.A. London, Agent Bank
August 12, [illegible]

To the Holders of Debentures and Coupons of 6.75% Debentures due January 23, 1996 of Canadian Pacific Limited ("CP")

[illegible] Trust Indenture dated as of January 23, 1986 between CP and Montreal Trust Company of Canada (the successor trustee to Guaranty Trust Company of Canada) (the "Trustee")

NOTICE IS [illegible] in [illegible] with sections 2.12 and 2.13 of the referenced Trust Indenture, that the address of the Trustee has changed to:

151 Front Street West, Suite 605
Toronto [illegible]
M5J 2N1

Dated: August 12, 1994

MONTREAL TRUST COMPANY OF CANADA, Trustee.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for trading on 12.08.94: Pool purchase price £/MWh	Final Prices for trading on 13.07.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	12.14	17.38	19.38
0100	9.80	11.80	13.88
0130	10.76	11.80	13.96
0200	10.76	11.80	13.96
0230	[illegible]	[illegible]	[illegible]
0300	[illegible]	[illegible]	[illegible]
0330	[illegible]	[illegible]	[illegible]
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0430	[illegible]	[illegible]	[illegible]
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0530	[illegible]	[illegible]	[illegible]
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1100	[illegible]	[illegible]	[illegible]
1130	[illegible]	[illegible]	[illegible]
1200	[illegible]	[illegible]	[illegible]
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1900	[illegible]	[illegible]	[illegible]
1930	[illegible]	[illegible]	[illegible]
2000	[illegible]	[illegible]	[illegible]
2030	[illegible]	[illegible]	[illegible]
2100	[illegible]	[illegible]	[illegible]
2130	[illegible]	[illegible]	[illegible]
2200	[illegible]	[illegible]	[illegible]
2230	[illegible]	[illegible]	[illegible]
2300	[illegible]	[illegible]	[illegible]
2330	[illegible]	[illegible]	[illegible]
2400	[illegible]	[illegible]	[illegible]

[illegible] Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-[illegible] between 8.30am and 5.15pm Monday to Friday.
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(the [illegible])

NOTICE IS HEREBY [illegible] THAT, upon approval at the [illegible] of Shareholders held on June 15, 1994 there will be a bonus in shares to the shareholders registered on August 23, 1994 [illegible] 16:00 West [illegible] Time. [illegible] to the provisions [illegible] per Common Shares has been adjusted as a result of the Bonus Shares from Rp 14,450 to Rp 7,225 [illegible] from August [illegible] Indonesian Time
The original [illegible] is Rp [illegible] per share and with [illegible] exchange [illegible] on the [illegible] the [illegible] of Rupiah 1,946 = U.S. [illegible] so [illegible] Ratio [illegible] U.S. $10,000 Bond [illegible] 1,346 7 [illegible]. With the distribution of Bonus Shares that is based on ratio of 1 Bonus Share for each existing share, the New Conversion Ratio is calculated by dividing the original Conversion Price by 2, with the same fixed rate of exchange [illegible] Rupiah 1,946 = U.S. $1. Therefore the New Conversion Price and the New Conversion Ratio are Rupiah 7,225 [illegible] 2,693 [illegible] shares, respectively. This [illegible] pursuant to [illegible] the Trust Deed constituting the above [illegible]

For and on [illegible] of
P.T. Indocement Tunggal Prakarsa
By: The [illegible] Bank, N.A.
London, Principal Paying, Transfer and [illegible]
CHASE
August 12, [illegible]

COMMERZBANK OVERSEAS FINANCE N.V.
U.S.$ 150,000,000 Subordinated Collared Floating Rate Guaranteed [illegible] Due 2005

[illegible] accordance [illegible] provisions of the [illegible] following [illegible] is hereby given:

[illegible]	August 11, [illegible] to February 13, 1995 ([illegible] days)
Interest [illegible]	[illegible] p.a.
Coupon Amount:	U.S.$ [illegible] per U.S.$ 5,000 [illegible]
	U.S.$ 2,71[illegible] per [illegible] 100,000 [illegible]
Payment Date:	February 13, [illegible]

Frankfurt/Main, August [illegible]

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[illegible]
ADELAIDE BANK LIMITED
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MULTIPLE OPTION FACILITY AGREEMENT DATED MARCH [illegible] 1994

In [illegible] with the provisions of the Transferable Loan Certificate issued on May 11, 1994, notice is hereby given that for the three months interest period from August 11 1994 to November 14, 1994, the Certificate will carry an Interest Rate of 5.425% per annum.

Barclays Bank PLC, Hong Kong

BANQUE NATIONALE DE PARIS

USD [illegible] Floating Rate notes 1984 due 1995

The rate [illegible] interest applicable [illegible] period from [illegible] August [illegible] up to 10 February 1995 as [illegible] by the reference agent is 5.25 per cent per annum namely USD [illegible] per bond of USD 10,000.

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For the three months 11th August, 1994 to 11th November, 1994, the Notes will carry [illegible] rate of 5.9175% per annum with an interest [illegible] of £149.15 per £10,000 [illegible] £1,491.53 per [illegible] Note, payable on 11th November, 1994.

Listed on the Luxembourg Stock Exchange

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THE HSBC CHINA LIMITED

Unaudited NAV per share as [illegible] 31st July, 1994
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منقول عن الأصل

INTERNATIONAL COMPANIES [illegible] FINANCE

Asset sales lift Thomson profits in second quarter

By Bernard Simon in Toronto

Thomson Corporation, the travel [illegible] publishing group [illegible] by [illegible] Thom[illegible] family, recorded [illegible] 39 per [illegible] in second-quarter earnings after being helped by gains from asset sales.

Operating profit from travel and newspapers improved substantially, but there was a small drop in specialised publishing's contribution.

Earnings rose to US$104m, or 18 cents a share, from $75m, or 13 cents [illegible] share, [illegible] year earlier. The bulk of the increase came from non-recurring gains, mainly the sale of the group's 50 per cent interest in Thomson Directories. Sales climbed to $1.56bn from $1.47bn.

Thomson Travel's operating profit rose to $39m from $31m. Supply and demand for the UK subsidiary's summer holidays this year has been almost in balance. Bookings are currently 18 per cent ahead of last year and should end the season about 15 per cent higher.

Fewer holidays than usual need to be sold in the late part of the season when price-cutting is normally most intense. Furthermore, Britannia Airways, a Thomson subsidiary, is operating at "near maximum" capacity this summer.

Thomson said it had formed a base for expansion into the domestic UK holiday market by buying Country Holidays, the UK's largest holiday [illegible]tage letting agency.

The drop in the information and publishing division's prof[illegible] to $56m from $58m [illegible] in the education and school-publishing group, and delays in finalising [illegible] "Prospects for the full [illegible] remain good," the [illegible] said.

Operating margins of Thomson's UK regional newspapers continued their [illegible] improvement. [illegible] legal, professional and [illegible]ness publishing group [illegible] in a stronger perf[illegible]

Circulation and advertising lineage of its US and Canadian newspapers are "marginally" ahead of last year.

● Gulf Canada Resources said production of natural gas and crude oil declined in the first half of the year primarily due to the divestment of assets in 1993, Reuter reports. The company posted a first-half loss of C$49m, against a loss of C$41m in the first half of 1993.

Kodak may split L&F subsidiary before sale

By Richard Tomkins in New York

Eastman Kodak, the US photographic products group, has given up the attempt to find a single buyer for its L&F Products subsidiary and is instead proposing to break up the operation before selling it.

The decision emerged from a letter to L&F's employees in which L&F said it would be [illegible] one comprising [illegible] world-wide [illegible] products, and the other its world-wide do-it-yourself products.

Kodak yesterday declined to comment on the reasons for the split, but there was speculation that it believed it could get a better price for the operations.

Some companies thought to be interested in bidding for L&F may only be interested in one side of the business. For example, Colgate-Palmolive, the US consumer products group which earlier this year expressed an interest in buying L&F for its household products, may have had little interest in acquiring L&F's do-it-yourself business.

Other companies said [illegible] have examined L&F include Unilever, the Anglo-Dutch consumer products group, Reckitt & Colman of the UK, and Procter & Gamble of the US.

[illegible] household products include Lysol disinfectants and [illegible] and Resolve [illegible] pet cleaners. On the do-it-your[illegible] they include Minwax wood finishes and Thompson's waterproofing and staining products.

Kodak put L&F on the mar[illegible] in May [illegible] part of a plan [illegible] divest peripheral [illegible] and concentrate on its film and digital imaging [illegible] Other businesses included in the [illegible] plans were [illegible] Winthrop drug subsidiary which [illegible] sold [illegible] Sanofi, the French pharmaceuticals group, for $1.68bn in June.

No price has been [illegible] on L&F's operations, but there has been speculation that they could fetch up [illegible] $2bn.

[illegible] Interco, the US [illegible] company, is [illegible] business [illegible] for its footwear operations in an effort to enhance shareholder value, [illegible] reports. The company said these include [illegible] initial public offering and/or [illegible] spin-off to shareholders involving all or a part [illegible] the common stock [illegible] one [illegible] both of Interco's [illegible] operating companies.

Loans move signals sea-change on Wall St

Investment banks eye commercial lending, write Richard Waters and Patrick Harverson

Four years [illegible] a series of big loans to highly leveraged companies nearly brought First Boston, the US investment bank, to its [illegible]

When the junk bond market collapsed, it was left holding US$1.2bn of what were meant to be temporary "bridge" loans, which it had planned to refinance in the bond market.

But times have changed in the leveraged finance business. The junk bond market had a record year in 1993 – and CS First Boston (as it is now known) is returning to corporate lending. Only this time, the bank says, it will put the loans on the balance sheet of sister bank, Credit Suisse.

The loans move signals a sea-change on Wall Street. US commercial banks have had their eyes on the junk (or sub-investment grade) bond market for some time. Now, US investment banks are arranging loans for sub-investment grade companies. Unlike in the 1980s, when they advanced large-scale bridge loans to back one-off transactions, they say loans will be a standard service.

Recently, three of the country's largest securities houses – CS First Boston, Merrill Lynch and Lehman Brothers – hired commercial bankers to create commercial loans units.

Wall Street is not planning to compete head-on with the [illegible] banks for lending business, though. Mr [illegible] Waugh, [illegible] Merrill Lynch's corporate bond [illegible] high-yield departments in North America, says the decision [illegible] originate commercial [illegible] is an extension of the product line Merrill offers to clients, rather than a radical step in a new direction.

At CSFB, Mr Mark Patterson, head of the firm's leveraged finance group, says: "It's a line extension to clients whom we already serve in many other ways. We're not reinventing the banking wheel. All we'll be doing is offering clients the ability to work with our bank on the senior debt layer of their capital structure."

Industry analysts take a similar view. Mr John Keefe, and independent analyst in New York, says: "I don't know if anyone will spend immense amounts of time and effort on it... It's more an effort to round out their product line, rather than to staunch any competitive move by [commercial] banks" into the bond business.

There are clear similarities in the approach taken by the three Wall Street firms. Each has its eyes on the sub-investment grade loans market.

Raising money for smaller companies without a strong credit rating is in some ways more profitable than doing business with big ones – there is less competition for the business and fees are higher.

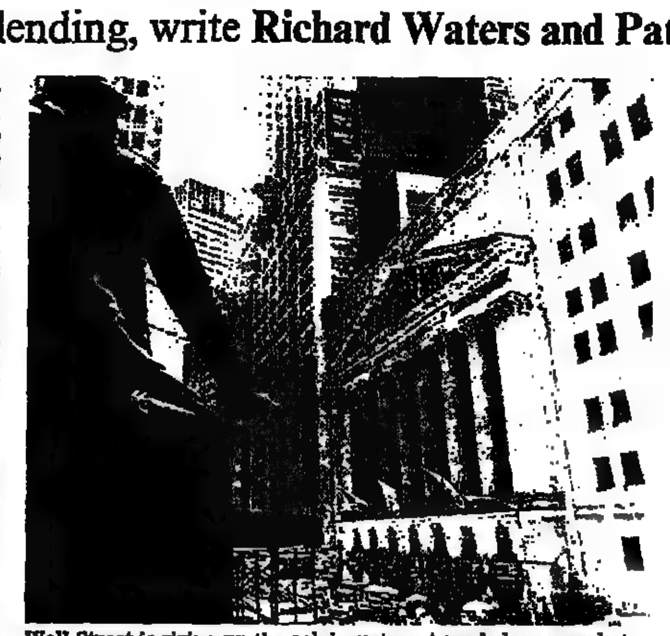
There are other reasons for staying [illegible] non-investment grade lending. Mr Waugh explains why Merrill Lynch [illegible] not [illegible] capital strength [illegible] a [illegible] originate loans: "Initially, the plan is to stay only in the leveraged part of the market – high-yield, not investment-grade – because [illegible] is not as intensive in terms of balance sheet usage."

The indication from Merrill and the other firms, however, is that they might begin originating loans in the investment grade sector.

In another marked similarity between the firms, each has hired an executive (or two, in the case of Merrill) from Chemical Banking to lead their lending businesses.

That may not be surprising, given that bank's current dominance of the syndicated loans market, and the [illegible] [illegible] grade credits.

But Chemical, an agent or [illegible] half [illegible] in the [illegible] three months of [illegible] denies [illegible] move will damage [illegible] syndicated loans [illegible]



Wall Street is sizing up the sub-investment grade loans market

There is [illegible] clear differ[illegible] between the approach taken by [illegible] firms. [illegible] will originate loans [illegible] Suisse, Merrill [illegible] Lehman plan to [illegible] loans [illegible] to syndicates [illegible] banks, and only occasionally keep part [illegible] the exposure on their own balance sheets.

Rivals question this approach. According to [illegible] senior investment banker: "It makes a lot of sense for First Boston. It [illegible] a parent that's already a bank, a [illegible] that has extraordinary financial strength.

"But [illegible] Merrill, [illegible] much sense at all. The problem is that you need [illegible] whole infrastructure. Anybody [illegible] originate a loan, but [illegible] about syndication, administration, and how you deal with [illegible] work-out if you have [illegible] problem? Credit Suisse can [illegible] all that, Merrill can't."

Mr Waugh [illegible] Merrill disagrees. Getting into the loan [illegible] a natural move for securities firms, he says, because "these days loans [illegible] trading much like securities. It's a pretty active and liquid market."

Many investment banks already hold loan assets bought from commercial [illegible] the secondary market.

Moreover, he says that apart from the short-term commit[illegible] capital required when putting together [illegible] syndicate, [illegible] new business will not [illegible] using any extra capital.

Anyway, [illegible] Mr Waugh, "If [illegible] hold fewer [illegible] loans, we're improving our bal[illegible] because by defini[illegible] loans are [illegible]"

[illegible] carry [illegible] the bridge financings of [illegible] they were meant [illegible] temporary.

[illegible] those memories still fresh, [illegible] investment banks [illegible] likely [illegible] more [illegible]fully [illegible] time.

Samsung Electronics posts fivefold rise

By John Burton in Seoul

Samsung Electronics, South Korea's largest [illegible] company, reported [illegible] more than fivefold rise in net earnings for the first half of 1994 due to [illegible] surge in [illegible] of [illegible] conductors.

[illegible] from Won56bn a year earlier, while sales increased by 35 per cent to Won5,099bn.

Samsung Electronics, which is the flagship of the Samsung group, is the world's biggest producer of memory semiconductor chips.

Semiconductor profit margins have risen due to increased demand by the global computer industry. The earnings increase also reflects a sharp reduction in depreciation following an accounting policy change.

[illegible] half-year [illegible] already [illegible] Samsung Electronic's 1993 profits [illegible] Won154bn and analysts [illegible] that earnings for [illegible] will [illegible] Won350bn. It is also expected this year to become the first Korean company to surpass the milestone of Won10,000bn in sales.

Samsung Electronics' other main businesses include consumer electronics, computers and telecommunications, but analysts believe they are barely profitable.

● Korea Mobile Telecom, the monopoly cellular telephone [illegible], reported net profits up 68 per cent to Won69bn for the first half of [illegible]

KMT is one of the country's most profitable companies. Sales increased by 89 per cent to Won333bn due to high growth in cellular subscribers. The number of subscribers has increased by 90 per cent annually since 1988, when the service was introduced.

Growth is expected to [illegible]tinue at the current [illegible] because Korea still has a low diffusion rate of 2 per cent for cellular telephones, while fall[illegible] prices [illegible] handsets [illegible] attracting new customers.

Goodwill Games hurt TBS income

By Bronwen Maddox in New York

Turner Broadcasting System, the US entertainment and news group, yesterday reported a sharp drop in second quarter net income from $31m to $13m following losses on the 1994 Goodwill Games in St Petersburg, and poor results from film releases.

Although revenues for the three months rose to $673m from $487m, helped by acquisitions, operating profits fell by $23m to $74m. Earnings per share dropped to $0.05 from $0.12.

Mr Ted Turner, president, said: "With continuing network expansion domestically and internationally, as well as telecasting the Winter Olympics and the Goodwill Games, we knew 1994 would be financially challenging."

Revenue from entertainment operations rose by $178m to $459m, of which $132m was contributed by acquisitions – New Line Cinema Corp, acquired in January, Castle Rock Entertainment, in December 1993, and Hanna-Barbera Holding, of which TBS bought the outstanding 50 per cent at the end of last year.

Advertising revenue rose by $24m, driven mainly by increased rates for Turner Network Television and an increase in sports revenue.

However, entertainment operating profits fell by $46m, due partly to $26m in second quarter losses from the Goodwill Games. In the 1980s, Mr Turner created the games as an alternative to the Olympics, but so far they have cost TBS $99m. News revenue rose $10m partly from more advertising at Cable News Network.

Tighter cable rules hit Comcast

By Bronwen Maddox

Comcast Corporation, the cable and cellular telephone group which this month agreed to merge with the QVC home shopping channel, recorded a net loss of $12.9m, or [illegible] cents a share, for the three months to June 30.

The figures, which compare with [illegible] net loss of $17.1m, or 8 cents, in the same period last year, reflect [illegible] impact [illegible] tighter federal regulation [illegible] services, in spite [illegible] healthy consumer demand for [illegible] services.

Mr Brian Roberts, Comcast's president, reported that "subscriber growth [illegible] and cellular businesses continued [illegible] healthy pace during [illegible] quarter".

However, revenues [illegible] compared with $340.1m, [illegible] operating cashflow fell by [illegible] per [illegible] following moves by [illegible] Communications [illegible]mission [illegible] curb [illegible] prices charged by cable operators.

Consumer demand for cellular services provided some compensation and during the second quarter "subscriber additions proceeded at the vigorous pace" of the preceding six months, Mr Roberts said.

The results contributed to a half-year loss of $40.2m for the six months to June 30, against [illegible] net loss of $783.7m in the first half of last year. The 1993 six-month loss was struck after a one-off charge of $742.7m following a change in accounting for taxes and employee benefits.

Operating cashflow of $290m for the six months fell by 5.2 per cent.

The [illegible] is unchanged [illegible] quarter, making an unchanged 4.7 cents for the half year.

Earlier this month Comcast and Liberty Media Corporate agreed to acquire QVC as part of plans to improve Comcast's programming capability. That followed Comcast's agreement in June to buy the US cable TV businesses of Maclean Hunter for $1.3bn. Comcast estimates the Maclean deal will make it the US's third largest cable operator.

HK Electric tops market expectations

[illegible] Louise Lucas in Hong [illegible]

Hong [illegible] Electric, which operates [illegible] electric power monopoly on Hong [illegible] island, has trumped market expectations by turning in a 33 per cent rise in net profits for the first half. Earnings came in at HK$1.73bn (US$224m) against HK$1.3bn in the same period last year.

A warm spell in April and May, sparking heavy use of air conditioners, helped increase unit sales by 10.1 per cent during the half year. Maximum demand for the half year reached a record 1,925MW, up 5.9 per cent on last year. Sales to commercial customers, which account for 70 per cent of the total, rose 10.5 per cent.

Earnings per share hit 86 cents, up from 64 cents in 1992, and shareholders are to rece[illegible] an improved dividend of 37 cents, compared with 33 cents in the first half of 1993.

Property interests continued to contribute to overall profits, and Mr George Magnus, chairman, expects the rest of 1994 to yield improved growth in electricity sales.

Gap recovery gains momentum

By Richard Tomkins

Gap, [illegible] retailer, yesterday continued the strong recovery it made in the first quarter by reporting a 55 per cent increase in net profits to $44.4m from $28.7m in the second quarter to July.

The second-quarter earnings figure – [illegible] record for the company – came on [illegible] 12 per cent increase in sales to $773m from the comparable period's $693m.

Earnings per share rose from 20 cents to 30 cents.

The result more than outweighed Gap's profits fall in last year's second quarter. Then its results were hit by expansion costs, weak consumer [illegible] and competition from other groups imitating Gap's [illegible] clothing formula.

Since then Gap has shifted its product mix away from simple unisex clothing, such [illegible] T-shirts and jeans, to more fashionable merchandise, particularly for women.

Net income for the first half of 1994 rose by 54 per cent to [illegible] from [illegible]

Turnover rose by 14 per cent to $1.53bn from $1.34bn and earnings per share from 49 cents to 74 cents.

Gap said store-for-store sales increased by 1 per cent in the second quarter.

Better [illegible] control had reduced the need for price cutting on surplus goods, and this, coupled with with an increased emphasis on fashion merchandise, led to higher margins in all divisions.

Chugai [illegible] on drug price cuts

By Gordon Cramb in Tokyo

Chugai Pharmaceutical, [illegible] Japanese ethical drug maker, lifted pre-tax profits 35 per cent in the six months to June but expects that government-imposed price cuts will limit its full-year growth to only 2.8 per cent.

Profits reached Y8.6bn (US$86.87m) halfway, aided by efforts to reduce operating costs as well as by a 5.1 per cent rise in sales to Y76.9bn. For all of 1994, the company is forecasting taxable profits of Y17.5bn on revenues ahead 4.3 per cent to Y158bn.

In April, the Japanese health ministry, concerned [illegible] the escalating costs of treating an ageing society, told manufacturers to cut prices of prescription drugs by an average 6.6 per cent.

This was the latest in a [illegible] such reductions, which have hampered earnings growth in the industry. Prescription drugs account for more than 80 per cent of Chugai's sales.

The dividend for the year is to [illegible] maintained at Y9 per share although the company is adjusting the interim payment to Y4.50 from [illegible] to equalise the two halves. Interim net earnings were Y15.42 compared with Y11.89, and the full-year forecast is Y29.62 against Y28.52.

● Pioneer Electronic, the Japanese audio-video equipment maker, is aiming to merge its two US entertainment units, Carolco Pictures and Live Entertainment, around October, a Pioneer spokesman said, AP-DJ reports.

TN TRANS-NATAL Coal Corporation Limited

[illegible] in the Republic of South Africa [illegible] No. 83/01000/06)

AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 1994

SALIENT INCOME STATEMENT ITEMS

	30 June 1994	30 June 1993
Sales tonnage (millions)	28,4	27,1
	(Rm)	(Rm)
Sales revenue	1 728,5	1 638,7
Operating income	243,2	225,0
Income before taxation	174,0	167,5
Income after tax, before abnormal and extraordinary items	104,6	115,5
Abnormal items	30,0	44,6
Extraordinary items	(28,8)	(61,6)
Attributable income	105,8	98,5
Earnings per share before abnormal and extraordinary items (cents)	131,2	144,9
Earnings per share before extraordinary items (cents)	168,9	200,9
Earnings per share after extraordinary items (cents)	132,8	123,6
Dividend per share (cents)	80,0	[illegible]

[illegible] SHEET

	30 June 1994	30 June [illegible]
	[illegible]	(Rm)
Shareholders' interest	1 000,8	[illegible]
Outside shareholders' interest	8,5	[illegible]
Group equity	1 009,3	[illegible]
Loans	[illegible]	[illegible]
Capital employed	1 279,2	1 229,2
Net mining assets	1 249,3	1 172,8
Stocks and consumables	40,7	[illegible]
Investments and other assets	45,7	[illegible]
Net monetary liabilities	(56,5)	(50,7)
Employment of capital	1 279,2	1 [illegible]
Cash balance	124,9	107,4

Note: The results of the Group's joint ventures are accounted for by the proportionate consolidation method.

COMMENTS

1. Trans-Natal [illegible] operating [illegible] for [illegible] year [illegible] 30 June 1994 by [illegible] R243,2 million, [illegible] the [illegible] by coal producers with dollar export prices declining by almost 12%. This [illegible] largely be attributed [illegible] sales volumes (refer Note 2), containment of cost increases and productivity improvements (refer Note 4). The results for the second half of the financial year were [illegible] than predicted in [illegible] interim report [illegible] of improving market conditions.
2. Total sales volumes for the year were 4,8% higher than for the previous [illegible] with exports and inland sales showing an improvement [illegible] and [illegible] respectively. Volumes supplied to Eskom increased by 1,9% to 10,7 million tons.
3. [illegible] increased by R89,8 million or 5,4% [illegible] 728,5 million mainly as [illegible] result of increased sales volumes and a depreciating rand, largely offset by lower export prices. On average, US dollar prices of steamcoal [illegible] declined by 11,8% compared to the 1992/93 prices. This decline was ameliorated by [illegible] more beneficial average exchange rate (R3,40 : $1,00 compared [illegible] R2,99 : $1,00 in 1992/93).

   Inland prices decreased on average by 4,6% which was offset by an 8% increase in volumes.
4. Cost of sales increased by 5,1% to R1 485,3 million and productivity improved by 21,1% to 367 saleable tons per man per month. This is the [illegible] consecutive year [illegible] productivity improvement in excess of 20%. Mining costs per ton decreased by 0,5% due mainly to the effect of ongoing capital expenditure and productivity improvements. Despite the higher proportion of export [illegible] higher unit [illegible] cost of [illegible] per ton increased by only 0,3%.
5. The reduction in the Group's financing income was the result of the full [illegible] of interest on [illegible] towards the [illegible] of the previous year. Amortisation increased [illegible] due to the high capital expenditure of [illegible] past [illegible] years. Despite the above factors the income before tax increased by [illegible]
6. The impact of the reduction in the company tax rate from 40% to 35% [illegible] tax charge for [illegible] year [illegible] 30 June [illegible] the [illegible] effect of the once off transitional levy of 5%. However, the [illegible] in the secondary [illegible] companies from 15% to 25% contributed to the increased effective tax [illegible] for [illegible] Group from 31% to [illegible] Income [illegible] tax before [illegible] extraordinary [illegible] fell by [illegible] R104,6 million.
7. The effect [illegible] the reduced tax rate on the deferred [illegible] amounted [illegible] as [illegible] with the latest generally accepted accounting practice. In the previous year the effect of the change in tax rate on the [illegible] (R44,6 million) was [illegible] extraordinary [illegible] a fundamental change in company [illegible] For comparative [illegible] item (R44,6 million) was [illegible]

   The [illegible] million [illegible] mineral rights [illegible] liquefaction processes [illegible] written-off as [illegible] propositions due to [illegible] changed circum[illegible]
8. [illegible] increase in the Group's [illegible] R107,4 million [illegible] R124,9 million principally [illegible] capital expenditure. [illegible] were the main [illegible] for [illegible] in [illegible] Group's net monetary [illegible]
9. [illegible] on [illegible] off-shore [illegible] should grow in [illegible] year. [illegible] from [illegible] sales to Eskom [illegible] the inland market, [illegible] well as [illegible] improvement in the US Dollar export prices. These factors inter alia should enable Trans-Natal to post improved operating [illegible] in [illegible]
10. UAL [illegible] Bank and Rand [illegible] interested parti[illegible] to submit proposals regarding [illegible] Coal Limited. Trans-Natal accordingly [illegible] an offer in [illegible] 1994. We believe that our offer is competitive, but [illegible] decision in this regard has not yet been received.
11. Although we [illegible] in our interim report that due [illegible] a reduction in [illegible] final [illegible] was possible, [illegible] than expected [illegible] half performance [illegible] improving [illegible] the Group [illegible] maintain [illegible] final dividend at 57 [illegible] per share, making [illegible] total [illegible] 80 [illegible] per [illegible] for [illegible] year.

On behalf of the Board

M.L. [illegible] – *Chairman*

[illegible] August [illegible] D.J.K. Murray – [illegible]

[illegible] OF DIVIDEND [illegible]

Final [illegible] declared on 10 August 1994 – 57 cents per share.

Last day for registration – 26 August 1994.

[illegible] on [illegible] September [illegible]

Register closed from [illegible] August to 9 September 1994.

Currency conversion date – 6 September 1994.

Copies of the full announcement can be obtained from the [illegible] of the London Secretaries, [illegible] Ely Place, [illegible] EC1N [illegible]

[illegible]

M.L. Davis *(Chairman)*, D.J.K. Murray *(Managing Director)*, S.J.P. du [illegible], [illegible] Ellis, B.P. Gilbertson, P.G. Henderson, M. [illegible] G.P. [illegible], [illegible] Salamon, T. Scurr *(British)*, C.L. [illegible]

Alternate director

N.T. Halgreen.

GENCOR GROUP

Swire Pacific first-half earnings reach HK$2.05bn

By Louise Lucas in Hong Kong

[redacted] Pacific, the Hong Kong-based property, aviation and trading [redacted], yesterday reported a 14 per cent rise in first-half net profits to HK$2.05bn (US$265m) from HK$1.8bn in [redacted] same period [redacted] by property [redacted] and steady growth in rental income.

Earnings per A share increased to 129.4 [redacted] from 113.5 [redacted] The interim dividend is raised [redacted] 33 [redacted] from [redacted] cents.

The growth in earnings, which was broadly in line [redacted] expectations, [redacted] signalled on Wednesday [redacted] the [redacted] of Cathay [redacted] profits.

The airline, which is [redacted] owned by Swire Pacific, disappointed [redacted] market with an 18 [redacted] rise in interim [redacted] profits [redacted] HK$803m.

Although expected, Swire's announcement [redacted] the [redacted] price down [redacted] to [redacted] the day [redacted] HK$59.75.

The biggest gains came from the property and industries divisions. Swire took a HK$273m profit from [redacted] of properties under development and HK$1.24bn in net rental income.

[redacted] apartments in the company's Mid-Levels development [redacted] been sold, [redacted] an [redacted] price [redacted] foot, or more than HK$10m for the smallest, 1,094 [redacted].

The flats were put [redacted] for sale [redacted] government [redacted] its [redacted] ing steps to cool the property [redacted] and three months before these measures were unveiled.

In [redacted] industries division, beverages [redacted] in Hong Kong [redacted] US spurred significantly higher profits.

During [redacted] half [redacted] its position [redacted] by acquiring controlling [redacted] in the [redacted] Coca-[redacted] Bottling Company and [redacted] Development Company, [redacted] integrating these with existing [redacted] drink operations in Hong Kong, the [redacted] and southern China.

Aviation was redeemed by [redacted] jump [redacted] profits [redacted] Hong [redacted] Dragon Airlines, which speci-[redacted] in flights to [redacted] nations including China. Increased capacity [redacted] improved yields [redacted] Dragon Airlines [redacted] in contrast [redacted] higher [redacted] and lower [redacted] which [redacted] Cathay [redacted] and [redacted] Hong Kong Aircraft Engineer-[redacted] Company.

The strong yen [redacted] impact on the balance sheet as long-term unrealised exchange [redacted] on Cathay [redacted] foreign currency borrowing [redacted] to HK$3.3bn at June 30, compared with HK$2.2bn at the end of 1993.

Barclays plans loan repurchase

By John Gapper and Conner Middelmann

Barclays Bank yesterday [redacted] reducing [redacted] capital by proposing [redacted] in loan capital. The repurchase [redacted] aimed at rebalancing [redacted] capital [redacted] following a fall in its [redacted] dollar [redacted].

Barclays [redacted] been considering a number [redacted] capital after raising [redacted] tier 1 ratio of shareholders' funds [redacted] risk-weighted [redacted] to 7 per cent in the first half of the year from 6 [redacted] cent [redacted] end of 1993.

The loan capital purchase will not [redacted] 1 [redacted] it will [redacted] capi-[redacted] risk-weighted [redacted] 10.5 per [redacted] from 11.1 [redacted] cent, and eliminate loan [redacted] payments.

Mr Patrick Perry, Barclays' treasurer, [redacted] it "has quite enough capital [redacted] going on with, so it [redacted] pay some [redacted] capital off". It had "no plans" [redacted] buy [redacted].

Barclays [redacted] thought [redacted] considering buying [redacted] some [redacted] in perpetual pref-[redacted] in [redacted] tier 1 ratio. It has [redacted] total of [redacted] a call option [redacted] repurchase [redacted] exercised.

[redacted] a move would require Bank of England approval, but [redacted] reduce [redacted] 1 ratio [redacted] per [redacted] might [redacted] choose to cut its tier 1 ratio in [redacted] if [redacted] a strong growth [redacted] requiring [redacted] capital.

[redacted] yesterday [redacted] to purchase [redacted] two [redacted] guaranteed capital notes through a fixed-rate tender. The offer is being made by Barclays North American Capital Corporation, and Lehman Brothers is the deal manager.

The purchase price [redacted] per [redacted] will [redacted] spread of 25 basis points [redacted] yield of the US Treasury 6 per cent note due November [redacted].

The price of the 11⅜ per cent [redacted] due 2003 will [redacted] calculated at a fixed spread of 30 basis points over the yield of the US Treasury 5⅛ per cent note due April 1998.

European sector hit by surprise rate rises

By Antonia Sharpe in London and Patrick Harverson in New York

The unexpected [redacted] in [redacted] in Sweden [redacted] Italy [redacted] European government [redacted] into [redacted] spin yesterday. In [redacted] of [redacted] lowly [redacted] Europe's high-debt, high-deficit nations, their pre-emptive actions were widely interpreted by [redacted] harbingers [redacted] rate [redacted] Europe's hard-currency nations.

"These rises came against [redacted] backdrop of [redacted] re-assessing [redacted] on [redacted] Bundesbank [redacted] view [redacted] of the inter-[redacted] cycle," said Mr [redacted] mist [redacted] S.G. Warburg Securi-[redacted].

The markets were also upset by the timing of the rate rises, which came when they were least capable to cope with surprises. Volume in [redacted] market has been thin in recent weeks, due to the summer holiday season, which means that even the lightest of sell orders can have a strong impact on prices.

Ms Alison Cottrell, international economist at Midland Global Markets, said that Sweden's move would create serious problems for the rest of the Scandinavian bloc, where governments were already having to deal with fiscal issues and referendums [redacted] to join the European Union.

■ [redacted] Sweden, yields [redacted] sharply across the curve after the Riksbank raised the ceiling rate by 50 basis points to 8 per cent and the central repo rate by 28 basis points to 7.20 per cent. The National Debt Office was forced to delayed its bill auction due to [redacted] turmoil which was [redacted] by the rate rise.

The drop in the Swedish currency put additional pressure on the market.

GOVERNMENT BONDS

[redacted] the [redacted] end, the [redacted] on six-month treasury bills jumped 71 [redacted] points to [redacted] while [redacted] yield on nine-year [redacted] yield [redacted] up [redacted] points [redacted] per [redacted].

■ Ten-year UK gilts fell by nearly [redacted] points [redacted] many [redacted] now believe [redacted] an autumn rate rise is inevitable. One dealer noted that due to the bearish mood in the market, it would take longer than expected for the Bank of England to complete its recently-announced taps. Of the £700m to be sold, almost £500m still has to be taken up.

On Liffe, the long gilt future fell [redacted] points to 100⅜ in volume of 83,400 lots.

■ US Treasury prices fell yesterday morning in the wake of inflation and retail sales data deemed bearish for bonds.

By midday, the benchmark 30-year government bond was down ⅝ at 83⅝, yielding 7.624 per cent. The two-year note was also markedly weaker, down ⅛ at 99⅝, yielding 6.226 per cent.

The eagerly-awaited July inflation figures produced mixed feelings among bond market investors. The headline 0.5 per cent rise in the producer prices index last month was above expectations, but the bulk of the gain was attributable to higher petrol and coffee prices. Core producer inflation, which excludes the [redacted] and energy components, [redacted] only 0.1 per cent in July.

More disturbing for the market, and [redacted] factor behind the early declines in bond prices, [redacted] retail sales data. Although sales were reported to have declined by 0.1 per cent last month, analysts latched on to the upward revisions in prior months' sales, in particular an increase in the original estimate of June sales from growth of 0.6 per cent to 0.8 per cent.

The retail [redacted] unsettled [redacted] and made dealers sceptical about the chances of [redacted] auction of $11bn in 30-year bonds passing off successfully.

See Lex

Finland raises C$200m over 10 years

By Conner Middelmann

[redacted] in Europe's government [redacted] following interest-rate tightening in Sweden and Italy, activity in the [redacted] all but ground to a halt.

INTERNATIONAL BONDS

The only significant deal of the day was a C$200m issue of 10-year bonds for the Republic of Finland via joint lead managers Paribas and Swiss Bank Corporation. The bonds were priced to yield 27.5 basis points over the Canadian 10-year government benchmark bond [redacted] their re-offer price of 99.845.

While [redacted] reported good demand from the Benelux region and Switzerland, boosted [redacted] the 9.5 per cent coupon, other dealers felt the issue had been too tightly priced.

"Given the size and the timing of the deal, I think it should have had an extra 10 basis points" on the spread, said one syndicate manager, adding that the timing of the deal, amid a raft of US inflation indicators, was "bizarre." After the bonds were freed to trade, the spread widened to around 31 basis points.

While more swap-driven Canadian-dollar [redacted] are expected soon, activity is expected to remain quiet near-term, with most of Europe closed for Assumption holiday on Monday.

● The Hong Kong Housing Society, a non-profit making organisation which provides [redacted] for Hong [redacted] people, [redacted] floating-rate [redacted] for general funding [redacted] in Hong [redacted].

The 2½-year notes, the bulk of which will be placed locally, carry an interest rate of 0.85 per cent over the three-month Hong Kong interbank offered rate.

The offering will not be listed on any stock exchange. There is a call option after two years and three months.

Wardley Capital arranged the [redacted] and HSBC [redacted] book-runner.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
YEN							
Province of Nova Scotia(a)	[redacted]	5.60	[redacted]	Aug.2014	undisd.	-	Yamaichi Intl.(Europe)
STERLING							
Royal Bank of Scotland(b)‡	50	(b1)	[redacted]	[redacted]	0.25R	-	SG Warburg Securities
CANADIAN DOLLARS							
Republic of Finland	200	[redacted]	99.845R	Sep.2004	0.325R	[redacted] Corp.	
AUSTRALIAN DOLLARS							
Crédit Local de France	100	9.375	101.375	Sep.2000	2.00	-	Barclays de Zoete Wedd

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Callable on 25/8/04 & 09 at par. b) Issue launched on Wednesday was increased to £150m. b1) 6-mth Libor +40bp. Interest accrues when Libor is ≤15%.

Strong demand boosts Thai phone group

By William Barnes in Bangkok

[redacted] demand for cellular phones in Thailand has enabled United Communications' (Ucom) to report robust half-year net profits of Bt864m ($34.5m). Second-quarter profits were Bt448m.

The results have been consolidated for the first time so no comparable figures [redacted] for 1993.

"The growth in the cellular phone [redacted] has made Ucom [redacted] Thailand's [redacted] growing companies," said Mr Dan Fineman of Jardine Fleming Thanakom Securities.

Approximately 55 per [redacted] of [redacted] profits come from cellular phones. Jardine [redacted] ing believes cellular phone [redacted] will climb by 60 per cent [redacted] to 741,000 and [redacted] Ucom's full-year [redacted] profit will [redacted].

WORLD BOND [redacted]

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	96.9100	-0.600	9.48	9.24	9.58
Belgium		7.250	04/04	93.5000	-1.350	8.24	7.97	7.79
Canada *		8.500	06/04	83.7500	+0.050	9.03	8.94	9.01
Denmark		7.000	12/04	88.9000	-1.950	8.66	8.10	8.17
France	BTAN	8.000	05/98	102.5000	-0.980	7.21	6.69	6.90
	OAT	5.500	04/04	85.0000	-1.620	7.78	7.29	7.36
Germany Bund		6.750	05/04	96.8800	-1.250	7.20	6.85	6.88
Italy		8.500	04/04	84.0000	-2.600	11.26†	10.69	10.08
Japan	No 119	4.800	06/99	103.2550	+0.080	4.00	3.86	3.63
		4.100	12/03	96.4460	+0.360	4.65	4.58	4.40
[redacted]		5.750	01/04	90.2200	-1.020	7.21	6.91	6.79
Spain		8.000	05/04	84.6500	-1.050	10.68	10.25	10.31
UK Gilts		6.000	08/99	90-08	-30/32	8.42	8.18	7.78
		6.750	11/04	87-01	-51/32	8.87	8.42	8.08
		9.000	10/08	102-07	-61/32	8.72	8.48	8.19
US Treasury *		7.250	05/04	99-08	-6/32	7.36	7.09	7.27
		6.250	08/23	83-27	-15/32	7.64	7.39	7.57
ECU (French Govt)		6.000	04/04	85.2300	[redacted]	8.10	7.79	7.86

London closing. *New York mid-day. Yields: Local market [redacted]
† Gross (including withholding [redacted] at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal [redacted]

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

Prime rate	7¾	One month	4.40	Two year	6.24
Broker loan rate	6½	Two month	4.71	Three year	6.60
Fed.funds	4¾	Three month	4.81	Five year	6.97
Fed.funds at intervention	-	Six month	5.11	10-year	7.33
		One year	5.55	30-year	7.61

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	[redacted]	Low	Est. vol.	Open int.
[redacted]	115.92	115.06	[redacted]	[redacted]	[redacted]	174,730	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	113.50	[redacted]	[redacted]	[redacted]	461	3,753

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls [redacted]	Calls Dec	Calls Mar	Puts [redacted]	Puts Dec	Puts Mar
115	[redacted]	1.62	-	0.78	2.38	-
116	0.36	1.22	-	1.32	-	-
117	0.14	0.90	-	2.10	3.56	-
118	0.05	0.60	-	-	-	-
119	0.03	0.30	-	-	-	-

Est. vol total, Calls 30,377 Puts 38,774. Previous day's open int., Calls 358,181 Puts 339,085.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	[redacted]	[redacted]	[redacted]	Est. vol	Open int.
Sep	[redacted]	91.66	-1.14	93.00	[redacted]	[redacted]	[redacted]
Dec	[redacted]	[redacted]	-1.16	[redacted]	[redacted]	[redacted]	26205

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

[redacted] Price	Calls Sep	Calls Oct	Calls Nov	Calls Dec	Puts Sep	Puts Oct	Puts Nov	Puts [redacted]
9150	0.67	0.69	1.02	1.19	[redacted]	1.36	1.69	[redacted]
9200	0.41	0.50	0.84	[redacted]	0.75	1.67	2.01	2.14
9250	0.25	0.35	0.67	0.78	1.09	2.02	2.34	[redacted]

Est. vol total, Calls 18423 Puts 17773. Previous day's open int., Calls 269602 Puts 279367

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	[redacted]	[redacted]	Est. vol	Open int.
Sep	-	[redacted]	[redacted]	-	-	0	76

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	101.45	[redacted]	-1.80	101.79	98.11	59703	86058
Dec	99.70	98.31	-1.86	99.80	96.97	580	[redacted]

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Sep	Calls Dec	Puts Sep	Puts Dec
9950	1.05	2.19	0.95	3.39
10000	0.79	1.98	1.19	3.68
10050	0.59	1.80	1.49	3.99

Est. vol. total, Calls 2103 Puts 3575. Previous day's open int., Calls 37739 Puts 28168

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	[redacted]	[redacted]	Est. vol.	[redacted] int.
Sep	91.30	89.10	-1.98	91.54	[redacted]	83,700	98,458
Dec	90.65	91.50	-1.00	90.65	90.50	622	[redacted]

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	[redacted]	Low	Est. vol	[redacted] int.
Sep	[redacted]	100-17	-1-22	102-17	100-06	[redacted]	116026
Dec	[redacted]	[redacted]	-1-22	[redacted]	101-20	420	[redacted]

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Sep	Calls Dec	Puts Sep	Puts Dec
100	1-18	2-40	0-48	2-36
101	0-49	2-10	1-14	3-06
102	0-25	1-46	1-55	3-42

Est. vol. total, Calls 7665 Puts 5878. Previous day's open int., Calls 72297 Puts 60669

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	[redacted]	Change	High	Low	Est. vol.	Open int.
[redacted]	[redacted]	[redacted]	[redacted]	83.95	82.90	626	[redacted]
[redacted]		[redacted]	[redacted]		-		231

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	[redacted]	[redacted]	Change	[redacted]	Low	Est. vol.	Open int.
[redacted]	[redacted]	[redacted]	-0-13	[redacted]	102-09	242,603	390,888
[redacted]	102-05	101-22	-0-14	[redacted]	101-17	5,982	65,239
Mar	[redacted]	[redacted]	-0-17	[redacted]	100-26	997	4,159

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	[redacted]	[redacted]	Change	[redacted]	Low	Est. vol	Open int.
[redacted]	107.82	-	-	[redacted]	[redacted]	764	[redacted]
[redacted]	105.76	-	-	[redacted]	105.75	2901	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Aug 11	Day's change %	Wed Aug 10	Accrued [redacted]	xd adj. ytd		Low coupon yield Aug 11	Aug 10	Yr. ago	Medium coupon yield Aug 11	Aug 10	Yr. ago	[redacted] coupon yield Aug 11	Aug [redacted]	Yr. ago
1 Up to 5 years (23)	120.60	-0.25	120.90	1.61	6.91	5 yrs	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
2 5-15 years (22)	139.04	-0.80	140.16	1.73	8.39	15 yrs	[redacted]	[redacted]	7.22	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
3 Over 15 years (9)	154.94	-1.16	156.77	1.70	8.24	20 yrs	8.47	[redacted]	7.34	8.66	[redacted]	7.44	8.78	[redacted]	7.61
4 Irredeemables (6)	177.50	-0.27	177.99	2.89	7.36	Irred.†	[redacted]	[redacted]	[redacted]						
5 All stocks (60)	136.74	-0.65	137.67	1.79	7.90										

Index-linked							Inflation 5% [redacted] 11	Aug 10	Yr. ago	Inflation [redacted] Aug 11	Aug [redacted]	Yr. ago
6 Up to 5 years (2)	185.18	-0.15	185.45	0.38	3.98	Up to 5 yrs	[redacted]	[redacted]	2.79	[redacted]	[redacted]	2.08
7 Over 5 years (11)	171.89	[redacted]	172.51	0.78	3.25	Over 5 yrs	[redacted]	[redacted]	[redacted]	3.72	[redacted]	[redacted]
8 All stocks (13)	172.40	[redacted]	[redacted]	0.72	3.30							

[redacted] Loans						5 year yield Aug 11	Aug 10	Yr. ago	15 year yield Aug 11	[redacted] 10	Yr. ago	25 year [redacted] Aug 11	Aug 10	Yr. ago
9 Debs & Loans (75)	128.02	[redacted]	130.05	3.21	5.90	9.73	9.62	7.86	9.67	9.47	[redacted]	9.61	9.42	[redacted]

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Aug 11	Aug 10	Aug 9	Aug 8	Aug 5	Yr ago	High*	Low*
Govt. Secs. (UK)	[redacted]	[redacted]	[redacted]	92.56	[redacted]	101.71	[redacted]	[redacted]
Fixed Interest	[redacted]	110.79	111.12	111.14	111.01	122.56	133.87	[redacted]

* for 1994. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). [redacted] Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased [redacted]

GILT EDGED ACTIVITY INDICES

	Aug 10	Aug 9	[redacted]	Aug 5	Aug 4
Gilt Edged bargains	[redacted]	[redacted]	[redacted]	69.9	79.7
[redacted]	90.3	[redacted]	[redacted]	76.1	[redacted]

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on August 11

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg.	Yield
Abbey Natl Treasury 6½ 03	1000	91⅛	[redacted]	-⅛	7.94
Alberta Province 7⅞ 98	1000	101⅛	101½		7.29
Austria 8½ 00	[redacted]	[redacted]	[redacted]		[redacted]
Bank of Tokyo 8⅜ 96	100	102⅛	[redacted]		[redacted]
Belgium 5½ 03	1000	84¾	85⅛		7.90
United Kingdom 7¼ 97	5500	[redacted]	102⅜		6.32
Volkswagen Intl Fin 7 03	1000	[redacted]	97⅝	-¼	7.41
World Bank 0 15	2000	[redacted]	22½	-⅜	7.32
World Bank 5⅞ 03	3000	91¼	91½	-¼	7.18
World Bank 8¾ 00	1200	110⅞	111⅛	-⅜	6.42
Abbey Natl Treasury 8 03 £	1000	91⅞	92¼	-⅛	9.40
Alliance Leics 11⅜ 97 £	[redacted]	107¼	107⅝	-¼	8.82
British Land 8⅞ 23 £	[redacted]	87⅝	88⅛	-1⅜	10.47
[redacted] 8¾ 98 £	600	93⅞	94¼	-⅛	8.81
EIB 10 97 £	837	104⅛	104½	-⅛	8.05
Halifax 10⅜ 97 £	100	105	105½	-⅛	8.09

[illegible]

UK GILTS PRICES

[illegible]

تمكناوي الاصل

e rate rises

Strong demand boosts Thai phone group

RANDGOLD

Randgold & Exploration Company Limited

(Incorporated in the Republic of South Africa) ("Randgold" [redacted] company") (Registration Number [redacted])

In the view of the Randgold Board and its advisers, the proposed transaction is unfair and prejudicial to Randgold and clearly not in the best interests of Randgold shareholders. The Board dissociates itself from the proposed acquisition, will not be party to it under any circumstances and recommends that shareholders vote against the proposed resolutions

Dear Randgold shareholder

YOUR BOARD'S RESPONSE TO CERTAIN RANDGOLD SHAREHOLDERS' PROPOSALS FOR:

1. **THE APPOINTMENT OF 11 ADDITIONAL DIRECTORS TO THE RANDGOLD BOARD**
2. **THE ACQUISITION OF FIRST WESGOLD MINING (PROPRIETARY) LIMITED ("FIRST WESGOLD") BY RANDGOLD**

As you are aware, Standard Bank Nominees (Transvaal) (Proprietary) Limited having been instructed by S.G. Warburg and Company [redacted] on [redacted] of [redacted] shareholders, Edwin W. Balderson [redacted] (Proprietary) Limited [redacted] Lips AG, have called [redacted] general meeting of shareholders to be held on Thursday, [redacted] August 1994, to consider [redacted] abovementioned proposals. Your [redacted] advisers have [redacted] duty [redacted] on [redacted] of [redacted] proposed acquisition of First Wesgold in order to ensure that all shareholders have adequate information on which [redacted] base their decision on how to vote on the proposed resolutions.

1. **FIRST WESGOLD**

First Wesgold was valued by [redacted] Merchant [redacted] Limited ("Standard Merchant") [redacted] million, however, no independent technical opinions were obtained in support of such valuation. In order to make as informed an evaluation of First Wesgold as is possible within the very short [redacted] by Fraser F Alexander [redacted] Co (Proprietary) Limited, [redacted] Merchant Bank Limited, Time Mining [redacted] Industrial Services (Proprietary) Limited and Aurora Exploration [redacted] Development (Proprietary) Limited ("the consortium"), we have used our own technical team consisting of Randgold staff as well as independent technical specialists. To this extent we have used:

- Fluor Daniel Wright, [redacted] specialists – to review the gold mining technical audit;
- Mintek – to comment on the ferrochrome slag project;
- RMP Properties, specialists in gold dump retreatment, rehabilitation and the sale of mining land – to review the land values; and
- Randcoal's environmental division, representatives of which are members of the Standing Committee for Environmental Management in the Mining Industry and members of various national environmental committees – to review First Wesgold's rehabilitation program.

In the 10 days available to us, the following are our findings on the status quo of First Wesgold.

1.1 **Background on First Wesgold**

Today First Wesgold, the [redacted] West Rand Consolidated gold and uranium mine established in 1887, consists of five remaining areas of business. These are:

[redacted] gold recovery operations, including certain underground mining and surface recovery from dumps, slimes dams, gold plant clean-up, surface clean-up, and open pit ore reserves;

(ii) the potential re-treatment of the Palmiet Ferrochrome Slag dump on the property;

(iii) [redacted] of [redacted] plant and equipment [redacted] sand [redacted] non-viable gold dumps;

(iv) the sale of land and buildings; and

(v) against these potential sources of revenue, First Wesgold is obliged in law to adequately rehabilitate the entire mining lease area.

1.2 **Our findings regarding First Wesgold's operations**

[redacted] **There is no detailed mining plan** for the mine as [redacted] whole. The current operation mines remnant resources on an opportunistic basis.

(ii) **The present state of the mine's plant is poor,** requiring constant high levels of maintenance capital expenditure.

[redacted] The entire mine and the underground operations of First Wesgold were **loss making** in the month of July.

(iv) We disagree with the majority of statements regarding available tonnage and grade set out in clause 3.1.3.1 – Gold projects – of the consortium's circular sent to Randgold shareholders which statements we believe to be [redacted] optimistic. **Our conclusions are based on information provided by First Wesgold's technical advisers.**

(v) Management of First Wesgold has **limited deep-level underground mining experience.**

(vi) The main underground contractor went into liquidation in June this year. Currently underground mining is being [redacted] by a joint [redacted] of two of First Wesgold's shareholders namely Fraser Alexander [redacted] Mining. This contract is on a **cost plus basis** and hence, for the first time, **First Wesgold has now effectively assumed responsibility and risk for its underground operations.**

(vii) The surface dump retreatment and slimes dams recovery operations **are not viable [redacted] current gold prices.** If they do become viable with an increase in the gold price, **additional capital expenditure** of at least R10 million would be required to achieve the desired levels of milling and processing capacity.

(viii) There are **no formal agreements** with Luipaardsvlei to treat their dumps nor with West Rand Consolidated Mines Limited for the terms of the re-acquisition of the underground mining rights from August 1996. **[redacted] rehabilitation obligations in all [redacted] with First Wesgold.**

(ix) There is **no feasibility study on the ferrochrome slag project** which the consortium claims has considerable value.

Companies all over the world have been trying to work out ways of recovering ferrochrome from slag dumps. Today, whilst there are a couple of plants being commissioned by ferrochrome smelters, there [redacted] no certainty as to the outcome of these projects. First Wesgold are currently planning [redacted] develop their own technology which is different to that [redacted] by the aforementioned plants, using approximately R11,3 million of capital expenditure in current money terms. **[redacted] found no evidence that this project would be successful. According to the consortium's circular, this project should net R30 million profit!**

(x) Land values are questionable due to location and **current radio-active levels** experienced on the mining lease area. These land values are further affected by the fact that First Wesgold do not [redacted] underground mineral rights.

1.3 **Environmental and rehabilitation issues**

1.3.1 **Radio-active material threat**

West Rand Consolidated Mines Limited **was the richest uranium producer in South Africa.** The plant used [redacted] process [redacted] radio-active material **has not been rehabilitated.** An environmental study conducted by the mine has confirmed **contamination [redacted] the ground water.** In addition, there is concern that **fugitive dust** emanating from portions of the property **could exceed regulatory requirements.**

1.3.2. **Chrome pollution**

There is the potential of carcinogenic hexavalent chrome leaching into the property and into the neighbouring water drainage system.

1.3.3. **Rehabilitation costs**

Estimates from Randcoal are that should Randgold acquire First Wesgold it would [redacted] assuming **rehabilitation liabilities of potentially between R40 million and R60 million.**

2. **CURRENT STATUS OF THE RANDGOLD GROUP**

We believe it is appropriate to reinforce to shareholders your Board's current vision for the Randgold group.

2.1 **Randgold's mission**

Our long-term objective is to utilise the assets that we inherited after the Rand Mines restructuring, less than two years ago in the form [redacted] the four listed marginal gold mines, unlisted investments and exploration rights and to create a profitable viable mining holding and exploration company. Managing the four listed marginal gold mines is an enormous challenge, which we believe we have effectively met.

[redacted] will continue [redacted] these [redacted] as effectively [redacted] we [redacted] building up the exploration side of the business. Our exploration successes are providing the promise of future growth for the company.

Amongst our [redacted] all of which [redacted] contributed significantly to [redacted] company, have been:

- [redacted] turning around [redacted] Harmony after [redacted] major rationalisation in [redacted] Harmony is the most efficient underground mine in the industry but suffers from the lowest underground yield;
- the successful restructuring of the ERPM debt of some R550 million;
- the release from an obligation to provide a loan of R35 million to ERPM;
- the tribute with Western Deep levels, [redacted] Blyvoor thereby extending its life;
- the constructive relationship developed with [redacted] representatives of employees involving, inter alia, salary sacrifices [redacted] order [redacted] keep [redacted] marginal mines operating. **The Randgold group currently employs 32 000 people;**
- [redacted] conclusion of joint venture agreements on exploration where major international exploration partners (such as Newmont Mining) will commit large funds to exploration in South Africa, Namibia and West Africa; and
- profits and asset realisations have increased cash resources by R42 million.

2.2 **Myths about Randgold**

2.2.1 **Randgold overhead and fees**

There is consistent press speculation about the considerable "Randgold overhead" [redacted] profits Randgold [redacted] on [redacted] it charges the four listed gold mines. The facts are:

(i) Randgold has 113 employees engaged in managing Randgold, the exploration and new business division and providing services to the mines. It has the lowest head office staff to mine employee ratio in the Chamber of Mines. Randgold's ratio is some 50% better than the next best Chamber member. Employee numbers have fallen from ± 180 as the company proceeds with making the managed mines more self reliant.

(ii) Mining fee income is expected [redacted] generate a profit of R1,1 million for Randgold for the financial year ending [redacted] September 1994. With Durban Deep becoming a curtailed operation, this will reduce in 1995. In terms of Randgold's overall earnings, this income source is relatively insignificant. It is more [redacted] question of how most efficiently the cost structure of the group could be rearranged. The Board believes the services are cost effective [redacted] about $5 per oz of gold produced.

(iii) **In First Wesgold by comparison [redacted] consortium [redacted] all closely linked in one way or another with providing services to First Wesgold on [redacted] profitable basis. There is no indication that they will not continue to benefit from this type of activity into the future.**

[redacted] **Unbundling**

Your Board has often debated the merits of unbundling its interests in the mines within the group and has followed a policy of making the mines more independent, but not fully unbundled. In this ongoing debate, [redacted] are issues that still need to be addressed, such as:

- the mines are bound by industry level collective bargaining and co-operation in the areas of lobbying, pension [redacted] provident funds, research, safety, medical and gold refining;
- the mining holding company structure assists in the recruitment of skilled staff which can be problematic at marginal mine level;
- the level of financial support that unbundled mines would receive from the banking community;
- certain [redacted] and technical services [redacted] economically provided on a centralised basis; and
- in terms of [redacted] underwriting agreement, Randgold [redacted] restructure its shareholding in ERPM until December 1995. It is impractical to contemplate acts such as unbundling until this restriction has expired.

We believe that the Randgold Group is appropriately structured. The structure will continue to develop in the future in line with the policy of making the mines more independent.

2.3 **Durban Deep**

With substantial closure of the underground operations at the end of July, [redacted] wall removal, vamping, sweeping and limited blasting should produce up to [redacted] tpm from underground for 6 months. Thereafter underground production and the Government pumping assistance will be reviewed.

The surface operation will continue and increase in the future, but will be exhausted within 2 years. Simultaneously, the company will commence with the sale of assets.

The proposed sale of 1 000 hectares of land will fund retrenchment benefits negotiated with employee representatives and [redacted] rehabilitation, leaving 1 500 hectares for future realisation.

In [redacted] medium term, reclamation of gold [redacted] gold plant and the development and sale of the land is planned.

[redacted] **ERPM**

ERPM's performance since that company's financial restructuring has not met expectations.

Productivity and production improvements are expected in the second half of this year.

A drilling program underground is being implemented to substantiate the sedimentology prediction made at the time of the rights offer. The findings of the program will confirm whether the development of the tertiary shaft should proceed as originally planned. This program will be completed in the first quarter of 1995.

2.5 **Harmony**

Harmony's performance has been extremely satisfactory. To ensure that it can maintain its efficiency, significant capital is needed to develop reserves, maintain mining flexibility and counteract the declining underground yield. The need for capital expenditure and the building up of financial reserves are likely to preclude the payment of a dividend over the next few years.

2.6 **Blyvoor**

The tribute with Western Deep Levels will play an increasing role in Blyvoor's future as production from this source increases. This tribute has potentially extended Blyvoor's life to at least the year 2000.

2.7 **Exploration and new business**

(i) **Strategy**

Randgold has positioned itself as [redacted] mining company with gold as [redacted] commodity focus and Africa as its sphere of operation.

The aim of exploration and new business is to add value for shareholders in finding and developing, with partners, new mining ventures.

The opportunities to cost effectively find new mines are in the mineral rights portfolio we inherited and in the more prospective areas in the rest of Africa.

(ii) **South Africa**

- The rights we have added to the assets we acquired during 1993 in the Pilgrims Rest Goldfield have been the subject of intense work. We are currently concluding a joint venture designed to bring the assets to account with [redacted] small underground mine.
- We have concluded joint [redacted] agreements [redacted] other mining companies in which these companies will explore for gold, diamonds and base metals on a number of our rights. Other joint ventures are in the pipeline.
- To [redacted] concluded [redacted] worth [redacted] than R10 million in respect of rights which do [redacted] fit [redacted] criteria, with an equal amount in [redacted] options. [redacted] currently finalising agreements [redacted] sale worth [redacted] R20 million.

[redacted] **Namibia**

Randgold [redacted] a major [redacted] in [redacted] number of prospective rights [redacted] North [redacted] Namibia. An exploration joint [redacted] concluded [redacted] mining company [redacted] the Tsongoari project.

(iv) **Gabon**

Randgold negotiated an agreement with the government of Gabon which gives the company rights over [redacted] 000 km² for [redacted] years. A large prospective gold target has been identi[redacted]

(v) **Burkina Faso**

The company has been active [redacted] Burkina Faso for [redacted] year. Prospecting rights covering [redacted] km² have been secured with numerous gold targets [redacted] Newmont Mining [redacted] joined [redacted] in developing [redacted] targets [redacted] will [redacted] in world class surface mining operations.

(vi) **West Africa**

Randgold [redacted] identified prospective [redacted] in other [redacted] African countries and securing of permits is well advanced.

Randgold's management is convinced it has developed the success factor [redacted] funding, partners and skills to add value for shareholders in its focused exploration and new business activities which will [redacted] considerable results in the near future.

3. **REASONABLENESS OF THE PROPOSED ACQUISITION**

3.1 **Value of Randgold**

(i) [redacted] proposed [redacted] price [redacted] at [redacted] per Randgold share. [redacted] the date these proposals were announced, Randgold's share price was trading at 900 cents per share.

(ii) Against this share price, Randgold had, at 30 June 1994, cash and near cash of 348 cents per share. Randgold also owns listed securities which, at current share prices, represent 997 cents per Randgold share. Thus, 1 345 cents per share of Randgold's net asset value comprises cash, near cash and listed securities.

In addition [redacted] relatively liquid assets, Randgold has unlisted investments and mineral rights which at cost amount to R39,6 million but as highlighted in 2.7 above, are clearly worth significantly more than this.

(iii) Clause 1.6 of the consortium's circular states that Randgold's share price does not reflect the true value of its underlying assets.

725 cents per Randgold share is clearly not a fair issue price.

3.2 **Value of First [redacted]**

(i) The valuation of First Wesgold performed by Standard Merchant upon which the purchase price of [redacted] million is based, [redacted] performed without the benefit of any independent [redacted] opinions [redacted] **extensively on representations made by the management and directors [redacted] First Wesgold".** Standard Merchant further states that it "**does not accept responsibility as to the accuracy of the representations and the potential impact that the accuracy of the representations may have on the value arrived at**".

Neither Randgold management nor any independent shareholder has had access to the valuation.

[redacted] The Randgold technical team's view is that the **financial models,** [redacted] which Standard Merchant's valuation was based, **are inaccurate and in certain instances cannot even be substantiated.**

Fluor Daniel Wright is currently reviewing the methodology used in the Randgold technical team's audit. To date their findings are that Randgold's audit procedures conform to internationally accepted practices.

(iii) [redacted]e seriously question the sustainability of the profits emanating from First Wesgold. A substantial portion of the profits is currently generated from plant clean-up. To calculate the effect of the acquisition of First Wesgold on the earnings per Randgold share is accordingly not meaningful.

After taking into account all the [redacted] bankable projects and environmental and rehabilitation issues, we have not been able to justify any value for First Wesgold.

4. **CONCLUSION**

The published intention of the consortium [redacted] "unbundle" Randgold. Yet, simultaneously, the consortium is proposing that Randgold acquires an old remnant mine, with major rehabilitation problems, as [redacted] **wholly owned subsidiary. How will this mine be unbundled?**

The skills required to manage deep level marginal mines, employing highly unionised work forces is not something that can be acquired overnight. **In the opinion of the Board the skills that can be provided by the consortium are already available within the Randgold group.**

The transaction as proposed by the consortium is, in the view of the Board and its advisers, unfair and prejudicial to Randgold and clearly not in the best interests of its shareholders. The Board dissociates itself from the proposed acquisition, will not be party [redacted] it under any circumstances and recommends that shareholders should [redacted] against the proposed resolutions.

[redacted] urgently [redacted] your support to enable the Board [redacted] prevent these [redacted] taking place by opposing the resolutions proposed. Minority shareholders [redacted] reminded that if the transaction is implemented [redacted] legal recourse available [redacted] them against any [redacted] which can [redacted] regarded as unfairly prejudicial, unjust or inequitable to them. You are urged to [redacted] independent legal advice in this regard.

You [redacted] reminded that your proxies are to be submitted by 11:00 on Tuesday, 16 August 1994 to Rand Registrars Limited, Block "C", 100 Northern Parkway, Ormonde, 2091 (PO Box 82549, Southdale, 2135).

[redacted] sincerely

A A Sealey
Chairman

Johannesburg
11 August 1994

Advisers to Randgold

FirstCorp
FirstCorp Merchant Bank Limited
Registration No. 58/02411/06
A member of [redacted] National [redacted] Group

Sponsoring brokers

DavisBorkumHare
Davis Borkum Hare & Co. Inc
(Registration number 72/08128/21)
(Member of The [redacted] Exchange)

Attorneys

BRINK COHEN LE ROUX [redacted] ROODT INC

Healthcare group likely to have net cash position by year end

S&N poised for acquisitions

By Daniel Green

Smith [illegible] Nephew, the healthcare group, is "actively looking for acquisitions", Mr John Robinson, chief executive, said yesterday.

A disposal earlier this [illegible] left gearing at just 4 [illegible] cent, [illegible] the company is likely to have [illegible] net [illegible] position by the end of 1994, he [illegible].

The target could be in [illegible] similar [illegible] to Smith [illegible] Nephew's areas of expertise [illegible] keyhole [illegible] equipment, [illegible] Mr Robinson. It could, however, [illegible] in a new area provided there [illegible] synergies such as the possibility [illegible] using [illegible] existing [illegible] staff.

This [illegible] disposal [illegible] Ioptex, the lossmaking [illegible] surgery products [illegible], led to an exceptional [illegible] charge in the interim results, published yesterday.

Excluding the charge, pre-tax profit [illegible] six months to July [illegible] were [illegible], within analyst's forecasts and a rise of 12 [illegible] on [illegible] conform with FRS [illegible] accounting rules.

These call [illegible] convertible preference [illegible] then in [illegible] as [illegible] and their dividend [illegible] interest.

Turnover [illegible], [illegible] underlying sales [illegible] of 7 [illegible]. Adjusted earnings per share [illegible] 5.04p [illegible] interim dividend [illegible] 2.02p, both [illegible] 7 per cent.

[illegible] dividend [illegible] at the company's target of 2, payments would now rise [illegible] with earnings growth, Mr Robinson [illegible].

Operating profit margins [illegible] from [illegible] to 17.1 per cent, reflecting higher production volumes and efficiency improvements [illegible] ing proportion of [illegible] coming from higher technology products.

[illegible] target operating profit margins [illegible] almost [illegible].

[illegible] of [illegible] company's product [illegible] saw [illegible] by 8 [illegible] 11 per cent, [illegible] the [illegible] in [illegible]. The exception was in commodity products [illegible] surgical gloves, [illegible] fell.

Tony Andrews

John Robinson: target could [illegible] in [illegible]

Consumer healthcare, including Elastoplast plasters [illegible] Lil-lets tampons, [illegible] the sharpest [illegible] in growth rates, [illegible] 2 [illegible] in 1993 to 10 [illegible] time. The Simple brand of [illegible] did well, but [illegible] was flattered by restocking.

US sales growth slipped from 7 per [illegible] 6 per cent, although [illegible] Robinson said that the effect of US [illegible] reforms had "flattened".

Continental European sales growth fell from 7 per cent to [illegible] cent as France and Spain clamped down on health spending. [illegible] Robinson said [illegible] to the half.

COMMENT

Disposals [illegible] organic growth have been [illegible] bring innovation, [illegible] margins and [illegible] growth [illegible] the [illegible] of [illegible] should [illegible] the full [illegible], giving a p/e of 14.5, just under [illegible] average. That [illegible] lowish [illegible] steady growth [illegible] investment compared with the uncertainties of drug companies; but it [illegible] pedestrian compared [illegible] cyclical [illegible] in [illegible] sectors. There are few reasons [illegible] but, [illegible] management finds some clever acquisitions, even fewer to buy [illegible].

SCI buys 'strategic' stake in Plantsbrook

By Simon Davies

[illegible] Corporation International, [illegible] largest funeral group, yesterday continued its aggressive foray into the British burial business by buying a 3 per cent stake in Plantsbrook, the sector's largest quoted company.

SCI claimed this was a strategic stake, but said that it was interested in buying further shares.

The announcement came just one day after the Texan company received approval from the Takeover Panel to put forward a recommended 775p for Great Southern Group, the only other UK listed funeral company.

Plantsbrook is 46 per cent owned by Pompes Funebres, France's largest funeral business, and it is understood that SCI's strategy could be to secure [illegible] ring-side seat if the parent considers asset sales.

It had [illegible] Pompes Funebres and Plantsbrook of its share purchases, which have taken place over recent weeks.

Pompes Funebres [illegible] around one third of France's funeral market, in addition to interests in Belgium and Singapore, and SCI has made no secret of its ambitions to use Great Southern as a springboard for expansion into Europe.

SCI was also concerned that Loewen Group, its largest North American competitor, might consider turning its attentions to Plantsbrook, after the failure of its attempts to block SCI's Great Southern bid.

Plantsbrook controls about 9 per cent of the UK funeral market, compared with Great Southern's share of some 4.5 per cent.

Property side helps TransAtlantic rise 46%

By Alison Smith

TransAtlantic Holdings, the [illegible] and property group, [illegible] announced a [illegible] cent increase in pre-tax profits from £30.2m to £44.2m in the first half to June 30.

Most of the rise was attributed to property investment income from the group's shopping centres, which rose to £19.9m (£14.4m), and to its half share in the profit from Sun Life, which increased from £18.5m to £22.5m.

While Sun Life achieved a 19 per cent rise in new regular premium business, to reach £68m, TransAtlantic sounded a note of caution about prospects for 1994 as a whole.

It said that the life and pension [illegible] overall [illegible] showing [illegible] of contraction and the [illegible] not likely to be sustained [illegible] full term.

The board is paying an unchanged interim dividend [illegible] 6p. Mr David Fischel, managing director, said this [illegible] in accordance with the group's normal policy of [illegible] an interim dividend of half [illegible] previous year's [illegible].

The group recorded [illegible] exceptional profit [illegible] £13.3m from [illegible] flotation [illegible] Capital Shopping [illegible], [illegible] regional shopping [illegible] company in which TransAtlantic retains [illegible] 75 per cent [illegible]. There [illegible] an exceptional £400,000 [illegible] relating to the disposal [illegible] investment properties.

Capital & Counties, [illegible] wholly owned subsidiary of TransAtlantic which includes CSC, announced pre-tax profits of [illegible] (£12.8m) for the [illegible] half. Income from property investment rose to £42.1m (£35.8m).

Alongside [illegible] flotation [illegible] CSC, Mr Donald Gordon, TransAtlantic's chairman, highlighted the acquisition of the Harlequin shopping centre in Watford for [illegible] February. This contributed [illegible] the property investment income.

Earnings per share rose [illegible] per [illegible] to [illegible]. The shares rose 3p [illegible] 381p.

Charges push Tiphook loss up sharply to £331m

By Simon Davies

The share price of Tiphook, the debt-laden transport leasing company, rose by 10 per cent as fears of a rights issue diminished, but pre-tax losses for the year to April 30 jumped from £21.8m to £331.1m.

The shares added 4p to 38p, as Tiphook reiterated the commitment of its bankers, which control the destiny of a company with gearing of 1,551 per cent.

Net debt almost halved from £1.02bn to £512.5m during the year, following the sale of its [illegible] leasing company. However, [illegible] fell from £215.1m to £33.3m.

The container sale continues to throw up some difficulties. Transamerica, the purchaser, is proposing a further cut of £11.4m, in addition to an initial £12m adjustment from the £734m purchase price. This has been fully provided for.

However, Tiphook had originally estimated £31.8m of costs associated with the sale and financial restructuring, while [illegible] actual amount charged was [illegible].

The [illegible] figures included exceptional [illegible] (£75.3m), [illegible] (£72.1m) in [illegible] charges.

The [illegible] in a [illegible], while there was a further [illegible] taken under operating activities.

The company [illegible] reduced [illegible] two core [illegible], Trailer Rental and Rail Wagon Rental, [illegible] saw substantial profit declines [illegible] year. To [illegible] composition [illegible] name change [illegible] planned [illegible] Central Transport [illegible] Group.

Due [illegible] the earlier [illegible] trailers, [illegible] division [illegible] utilisation [illegible] 74.1 [illegible] in [illegible], compared with 56.6 per cent.

However, on [illegible] operating profits [illegible] central costs and exceptional items were £18.3m (£31.8m).

The Rail Wagon operations' operating profits fell from £4.1m [illegible] £800,000.

Mr Rupert Hambro, chairman, [illegible]: "We are acutely [illegible] our very high level [illegible] borrowing. With our continuing drive for [illegible] and [illegible] reductions [illegible] reasonable expectation of seeing margins improve."

Tiphook was [illegible] looking [illegible] "take appropriate steps to improve our financial structure." [illegible] no dividend. Losses per share came to 301.1p (41.2p).

COMMENT

The key to Tiphook's survival [illegible] probably been [illegible] of [illegible]. With more than [illegible], Tiphook's [illegible] had a lot [illegible] remains uncertain. Financial [illegible] inevitable, meaning [illegible] for [illegible]. In [illegible], the company [illegible] problems such as [illegible] obligation [illegible] purchase [illegible] in 1996, for which no funding [illegible] in place. An improving European economy could provide some joy, but [illegible] far more striking than the rewards.

BOC suffers from Forane factor

By Daniel Green

BOC, [illegible] and [illegible] company, continued [illegible] suffer from depressed [illegible] pharmaceuticals [illegible] ing the expiry of the patent protecting Forane, [illegible] in the US.

The [illegible] was split evenly [illegible] competitor, [illegible] Laboratories of the US. [illegible] "reasonable to [illegible] will be [illegible] competitors" in the next year or two.

Profit margins for industrial gases also edged lower in the third quarter and the [illegible] fell 31p [illegible] 714p.

An exceptional [illegible] charge announced [illegible] this year depressed [illegible] company's results in the nine months to June 30.

Pre-tax profit of [illegible] compared with [illegible] for [illegible] same period in [illegible] analysts' forecasts.

Earnings [illegible] share before [illegible] exceptional item [illegible] slightly lower [illegible] 32.54p (33.24p). BOC [illegible] largely [illegible] result of the increased number of shares in circulation.

The gases business saw profits rise to £243.7m (£231.3m) for the nine months, [illegible] sales of £1.85bn (£1.7bn).

Industrial activity and demand improved in [illegible] countries, particularly in the US and Australia, said the company, "but pricing pressures have not generally abated".

[illegible] profit [illegible] by [illegible] to [illegible] (£73.8m) [illegible] competition [illegible] Forane. [illegible] new anaesthetic gas, Suprane, increased [illegible] penetration.

[illegible] provision was [illegible] restructuring [illegible] of which [illegible] was [illegible] business [illegible] the [illegible] for [illegible]. The programme began this year and will extend over three years. When complete, BOC expects it to produce savings of about £60m [illegible] year.

Third quarter margins were supported by the early benefits from the restructuring programme, said the company.

Sotheby's achieves 22% rise to $23.3m

By [illegible] Price

Sotheby's Holdings, the parent company of Sotheby's, the New York-based auction, finance and real [illegible] operation, reported improved second-quarter and first-half results, helped by the continuing recovery in the international art market.

For the six months ended June [illegible] pre-tax income rose by 22 per cent to [illegible] (£15m) against $19.1m. Auction revenue rose from $114.5m to [illegible] overall revenues [illegible] by $8.45m [illegible] $132.4m. Net income per [illegible] increased from 21 to [illegible] cents. Auction [illegible] for the second quarter increased [illegible] per cent to [illegible], while over the [illegible] months they rose 9 [illegible] cent [illegible] $635.2m [illegible].

The figures confirm the [illegible] improvement in the international art market highlighted last month when Sotheby's announced [illegible] 15 per [illegible] up [illegible] $1.38bn in the 1993-94 [illegible] son. Rival [illegible] reported an 11 [illegible] cent increase in turnover [illegible] $1.17bn. Two smaller London-based houses [illegible] registered improvements last month, Phillips gaining 12.5 [illegible] cent to [illegible] and Bonhams 21 per cent [illegible] £33.9m.

[illegible] Diana Brooks, Sotheby's Holdings president and [illegible] executive, said: "Our [illegible] the six-month period [illegible] per cent and reflect a pattern of broad-based growth in many [illegible] ing categories, principally due [illegible] strong results for a number of single-owner sales."

GPA shores up balance sheet with $1bn package

By Tim Coone

GPA, the aircraft leasing company, has successfully launched [illegible] $1bn [illegible] aircraft lease portfolio securitisation package which should substantially strengthen its [illegible] and enable it to meet the terms of the financial restructuring [illegible] with its bank [illegible] in October [illegible].

Alps [illegible] it [illegible] known (the first [illegible] called alps 92-1) is being fully underwritten by Lehmann Brothers, and is [illegible] securitisation, which will acquire [illegible] aircraft from GPA's [illegible] of [illegible]. The [illegible] aircraft have an [illegible] lease [illegible] of five [illegible] tranches of investment-grade bonds and [illegible] amounting [illegible] within the alps 94-1 package, have been designed to match the [illegible] in [illegible] of maturity and return.

[illegible] split [illegible] in fixed and floating [illegible] with coupons ranging from Libor plus [illegible] points [illegible] the variable rate notes, [illegible] Treasuries plus 100 basis points [illegible] the fixed [illegible] notes. [illegible] $71.2m of class D (unrated) notes [illegible] being bought by General Electric Capital Corporation and [illegible] class E [illegible] by a subsidiary [illegible] GPA, to complete [illegible] package.

Mr [illegible] Blaney, chief executive of GPA, said the alps launch "represents a giant step for GPA. It is a continuation of the work we started with the restructuring last October, and will continue the process of GPA's recovery".

The restructuring requires GPA to repay $700m to $900m of principal on $3bn debt up to the end of 1996 plus interest. Mr Blaney said the new package would enable GPA to meet the terms of that restructuring.

The group has no commitments to purchase new aircraft from Boeing or Airbus before 1997, or with McDonnell Douglas before 1995. Deliveries of the latter may be postponed.

Rights issue helps Select Appointments fund US buy

By Christopher [illegible]

Select Appointments, the international recruitment group, yesterday accompanied news of its sixth acquisition in [illegible] year with a financial restructuring.

The [illegible] (£21m) purchase [illegible] Boston, a US recruitment business, doubles Select's turnover and will help move the lossmaking UK group into profit. New [illegible] consists [illegible] five speciality employment agencies based in New England. Turnover last year was $49.8m, with operating profits of $3.65m. Select reported [illegible] reduced loss of £642,000 [illegible] year, on improved sales of £36m.

[illegible] launching a [illegible] rights issue [illegible] fund [illegible] acquisition, the balance being [illegible] the refinancing.

It is issuing [illegible] new ordinary [illegible] at 12¼p, on [illegible] 1.64-for-1 basis. [illegible] consortium [illegible] investors, [illegible] 90 per [illegible] existing shares, have opted not [illegible] take [illegible] full allocation in order [illegible] widen the shareholder [illegible]. As a result, their [illegible] will equate to 80 per cent of the [illegible] capital, [illegible] remaining [illegible] have been placed with institutions.

[illegible] will use [illegible] rights [illegible] its preference shares, all of which [illegible] bought by the [illegible] investment consortium in order to fund the group's ambitious expansion strategy.

Mr Zach Miles, Select's finance director, said that the company was searching for further acquisitions. "Our strategic plan is to be geographically spread in different markets. The recruitment business is cyclical and by being in different [illegible] we can develop a stable [illegible]."

[illegible] that Select had already moved [illegible] profit prior to yesterday's acquisition, and that New Boston would boost this year's results further. Select shares firmed a quarter of a penny to 13p.

F&C warns on progress of markets

By Scheherazade Daneshkhu

Foreign & Colonial Investment Trust warned yesterday that stock markets may have difficulty in making progress, partly because of the rapid expansion of the US economy.

The UK's second largest investment trust reported a fall in net assets from 148p to 134.2p per share during the six months to June 30.

However, net assets per share rose 9.6 per cent compared to June 1993's figure of 122.4p.

The share price fell 10.9 per cent in the first half against a 13 per cent drop in the FT-SE-A All-Share Index. The trust blamed fears of higher inflation and rising interest rates, particularly in the US, for the falls.

Mr John Sclater, chairman, said: "Concern about future inflation and higher interest rates is adversely affecting market sentiment. To a large degree this is based on fears that the US economy is expanding too rapidly."

However, Mr Michael Hart, chairman of F&C Management, said that he did not rule out the possibility of the FT-SE 100 reaching 3,500 by the end of the year.

The trust benefited from a 25 per cent rise in the Japanese index through its 13 per cent holding there, but it was weakened in falling markets elsewhere by its gearing, part of which was in yen.

F&C has traditionally followed a policy of borrowing to gear up in falling markets in order to buy cheap stocks.

Mr Hart said that though the aim was to borrow in a weak currency, where the yen was concerned "we got it wrong." He believed, however, that the yen would weaken.

After-tax revenue declined from £11.9m to £9.81m due to a sharp fall in bond income. The expenses of running the trust's savings scheme, through which private investors can make regular contributions, have been rising fast, according to Mr Hart and the trust will be made more cost-effective. Details are to be announced in the autumn.

Total [illegible] were £1.41bn, down from £1.56bn [illegible] the [illegible] of the [illegible].

Earnings per share dropped from an adjusted 1.13p to 0.88p. The interim dividend is 0.6p, against an equivalent 0.575p – the board said its intention was to recommend a final of 1.23p, making a total of 1.83p – [illegible] per cent [illegible].

At the end [illegible] June, the trust's [illegible] mix was UK – 43.6 per cent; North America – 21.1 [illegible] Europe – [illegible] per cent; Japan – 13.4 per cent; Far East – 5.7 per [illegible] and others – 2.7 per cent.

Johnson Cleaners' shares fall on gloomy statements

By Peggy Hollinger

Johnson Group Cleaners' shares yesterday slid 9 per cent to 287p as the dry cleaning and textile rental group announced a 5 per cent drop in interim pre-tax profits and warned the full-year return was likely to fall this year.

Mr Terry Greer, chairman, said the first half had proved difficult in both the dry cleaning and the textile rentals businesses. Profits had fallen from £8.7m to £8.2m on sales up 2 per cent to £83.2m for the 26 weeks to June 25.

He expected no material improvement in the second half and said it was "unlikely that the results for the full year will match those of 1993."

The gloomy statements should not have come as a surprise to investors who had been warned of difficult trading conditions both at the year-end and at the annual meeting.

However, analysts pulled [illegible] for [illegible] full [illegible] from about £18m to £17m after the announcement.

Analysts cited disappointment that Johnson Group had not yet got to grips with the losses in the US franchise business, which they [illegible] was losing up to $1m (£600,000) a year. Johnson also suffered its first real setback on textile rental, with margins [illegible] to have fallen by 2.7 points to 19.6 per cent.

Mr Greer said textile rental in the UK had been hit by price pressure and the costs of developing its new business of supplying uniforms to the food sector. The textile rental division returned operating profits 8 per cent lower at £4.6m, on [illegible] 5 [illegible] higher at £23.5m.

The contribution from dry cleaning fell by 4 per cent to [illegible] on [illegible] marginally higher [illegible] £59.7m (£59.3m). Adverse weather in the UK and the absence of any revival in discretionary spending by consumers meant that [illegible] remained virtually flat, Mr [illegible].

The interim dividend is held for the fifth consecutive year at 2.8p. This contrasted with Johnson's decision last year to increase the final pay-out for the first time in three years.

Earnings fell by 7 per cent to 10.44p.

COMMENT

The drop in Johnson's share price may reflect the fact that the market is finally beginning to realise this company will be a late bloomer in any recovery. Evidence from previous recessions shows Johnson picking up after four years of recovery. So far, the UK has enjoyed two. The setback in UK textile rental is disappointing, but the group still enjoys the highest margins in its peer group. The one big question is how long it takes the company to get to grips with the US losses. This, like dry cleaning, will depend on recovery. The forecasts of about £17m for this year leave the shares on a prospective p/e of about 14 times. This looks about right given the gloomy prospects this year.

Fyffes buys into Germany

By Tim Coone in Dublin

Fyffes, [illegible] Dublin-based fruit and vegetable distributor, [illegible] in establishing [illegible] in [illegible] market with the acquisition of [illegible] 70 per cent stake in JA Kahl [illegible] I£8m (£7.9m).

Kahl, which Fyffes said was expected to have sales of I£60m in the year to December 1994, is based in Munich, where it has a modern distribution and banana ripening centre. It is one of the main fruit and vegetable [illegible] in the [illegible] ian region.

[illegible] McCann, group finance director, [illegible] the acquisition represented an "important step" in the group's expansion into continental Europe and [illegible] modern facilities, with [illegible] link to [illegible] German rail network, [illegible] "good prospects to grow [illegible] business".

The German market is particularly important for Fyffes' European expansion [illegible] per capita consumption [illegible] bananas there are among the highest in Europe.

This is Fyffes' second acquisition in Europe this [illegible], having spent I£15.9m [illegible] month in acquiring [illegible] 50 per [illegible] stake in Velleman [illegible] Tas, [illegible] leading banana and fresh fruit distributor in [illegible] lands.

Earlier [illegible], Mr McCann said he expected [illegible] spend about half [illegible] group's [illegible] on acquisitions during [illegible] and [illegible] confirmed yesterday that that remained his goal. Some I£12m was spent on acquisitions in Spain and Denmark [illegible].

Mr McCann said [illegible] combined annual turnover [illegible] four acquisitions amounted [illegible] I£350m, and the total outlay, including deferred payments, amounted to I£40m.

Fyffes has set itself a target of selling 26m boxes of bananas in Europe this year, [illegible] from 18m in [illegible]. In [illegible] medium term, the group hopes to source [illegible] large part [illegible] this increase from a 9,000 acre plantation development in Guatemala which it helped to finance.

British Bus makes further purchase

By Paul Cheeseright, Midlands Correspondent

British Bus, the acquisitive Salisbury-based transport group, [illegible] buying Derby City Transport, owned by [illegible] management and employees, for £7m.

This [illegible] the third acquisition by British [illegible] June, when it received [illegible] equity injection [illegible] and arranged new [illegible] £35m.

The [illegible] broader plan [illegible] competitive position [illegible] relative [illegible] main rivals, Badgerline and Stagecoach.

Derby City Transport is unusual among bus companies because of [illegible] ownership of taxis and rental [illegible] franchises. Its [illegible] and employees paid £4m for [illegible] company in 1989 and had [illegible] refinancing with £1.5m of equity capital from NatWest Ventures in [illegible].

Mr Martin Bodenham, a partner [illegible] KPMG [illegible] in Nottingham, which handled [illegible] for [illegible] shareholders, [illegible] that during [illegible] three [illegible] had [illegible] a flurry [illegible] approaches by [illegible] large bus groups.

British [illegible] owned [illegible] per cent of the company through Luton and District, one [illegible] its [illegible] acquisitions, which had [illegible] trade investor in the original buy-out.

Ferranti business sold

By Alan Cane

[illegible] Space, [illegible] joint venture [illegible] GEC-Marconi and [illegible] France, [illegible] bought Ferranti International's satellite communications [illegible] from [illegible] receivers. [illegible] price has not [illegible] disclosed, [illegible] thought to [illegible] relatively low.

The Ferranti unit employs about 100 people. [illegible] designs and manufactures ultra [illegible] frequency satellite [illegible] terminals and microwave [illegible] relay systems.

The deal follows [illegible] purchase by [illegible] Marconi in July this [illegible] satellite [illegible] of British Aerospace. [illegible] merged [illegible], Europe's leading satellite manufacturer, turns [illegible] about [illegible] and employs [illegible] than [illegible] people.

[illegible] year, [illegible] Andersen, [illegible] receivers, agreed in principle [illegible] the company's principal [illegible] to [illegible] rather [illegible] to [illegible] management buy-out [illegible] into receivership last December [illegible] an [illegible] 1p [illegible].

Kynoch purchase

Kynoch Group [illegible] bought Lawrian, [illegible] hospital [illegible] laboratory equipment, [illegible] an [illegible] of £145,000.

[illegible] further consideration, 20 [illegible] of Lawrian's [illegible] profit for [illegible] next three [illegible], is subject [illegible].

Terms agreed for Leeds shopping mall

Land [illegible] to build [illegible] shopping [illegible] an [illegible] development [illegible] Churwell, Leeds.

Land [illegible] agreement [illegible] (Leeds), [illegible] joint venture company [illegible] shire Water and Evans [illegible] Leeds, [illegible] property company.

Land will take [illegible] of the land in return for [illegible] in [illegible] income [illegible] opened.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
CIA §	Int	0.51†	Oct 5	0.487*	-	1.713*
Drayton Far East	Int	0.125	Oct 7	0.125	-	0.675
Elsevier	Int	1.76‡	Oct [illegible]	1.67	-	[illegible]
Foreign & Col	Int	0.6	Oct 3	0.575*	-	1.76*
Horace Small	Int	nil	-	1	-	1
Johnson Cleaners	Int	[illegible]	Oct 3	2.8♥	-	10.8♥
Reed Executive	Int	1	Oct 10	-	-	1
Reed Intl	Int	6.7	Oct 3	6	-	18.75
Royal Insurance	Int	4	Oct 21	2.5	-	7.5
Smith & Nephew	Int	2.02	Dec 12	1.89	-	4.91
TransAtlantic	Int	6	Oct 17	6	-	12

Dividends shown pence per share net except where otherwise stated. †On increased capital. *Equivalent after allowing for scrip issue. ♥Stated after share subdivision and consolidation. §USM stock. ‡Dutch guilders; gross.

Acquisitions help lift Reed Elsevier to £314m

By Tim Burt

Reed Elsevier, the Anglo-Dutch information and publishing group, yesterday announced a 12 per cent increase in its first-half following improved performances by its business and consumer publications.

Profits rose from £281m to £314m on sales up 9 per cent at £1.5bn (£1.39bn) in the six months to June 30.

The results were enhanced by a £15m contribution from new subsidiaries, dominated by Official Airline Guides – acquired last year for £277m – and Editions Techniques, the French legal publisher, which cost £77m.

"The acquisitions are doing well and make our full-year prospects very comfortable," said Mr Ian Irvine, co-chairman. Profits would have been higher still, he added, had it not been for lower pension credits and losses on property disposals.

Operating profits rose by 15 per cent from £295m to £340m as the existing publishing businesses benefited from organic growth and cost reductions. Cost savings and restructuring helped lift operating margins by 1.3 points to 22.6 per cent.

Ian Irvine: full-year prospects are 'very comfortable'

Mr Irvine warned, however, that flat trading conditions in some sectors meant the group was unlikely to benefit from price rises in the near future.

Scientific and medical publishing was hardest hit and Mr Irvine said "the [redacted] remained in deep [redacted]". N[redacted], a reorganisation helped [redacted] area lift operating profits by [redacted] per cent to £83m on flat sales of £254m (£248m).

Restructuring also helped the professional publications business, where contributions from Editions Techniques pushed profits up to £65m (£59m) on turnover ahead 14 per cent to £247m.

The sharpest increase was reported by the business division. Buoyant [redacted] activity and [redacted] by [redacted] Airline Guides lifted profits by 34 per cent to £135m on sales of £579m (£515m).

A recovery, meanwhile, in UK advertising and positive Dutch circulation figures led to increased profits [redacted] (£48m) [redacted] publications, [redacted] in turnover to [redacted].

"To increase profits and, [redacted] importantly, [redacted] in [redacted] is an excellent achievement," [redacted] Ms Christine Munro, media analyst at Hoare Govett.

Earnings per share at Reed International, [redacted] publisher with a [redacted] interest in the Anglo-Dutch group, rose to 23.6p (21p) under FRS3. [redacted] declared [redacted] dividend of 6.7p (7.5p).

Elsevier reported earnings [redacted] of Fl 5.11 (Fl 4.41), with a dividend up from Fl 1.67 to Fl 1.76.

See Lex

Ferguson in agreed £38m bid for Elswick

By Christopher Price

Ferguson International Holdings, the mini-conglomerate, yesterday made an agreed offer worth £37.7m for Elswick, a rival label supplier.

The move will turn Ferguson into the largest group in the £600m a year UK labels market, with a share of about 10 per cent.

Ferguson is offering one new share and 175p cash for every 29.2 Elswick shares. This values each Elswick share at 18¼p, a 50 per cent premium to the closing price on Wednesday. Yesterday, the shares finished 5p up at 17p. Ferguson shares were little changed at 358p.

Mr Denis Cassidy, Ferguson chairman, admitted that the company was paying a "full price" for Elswick, but said this was partly to warn off any other predators. "We understand other companies may have become interested."

He added that the offer valued Elswick at an exit multiple of nearly 18 on historic earnings per share close to the sector average.

"We wanted a business that would be a major step in the development of our core label business. Elswick does that. It brings together two high quality businesses with similar trading styles operating in complementary sectors."

Ferguson specialises in supplying labels for the garment and food industries, while Elswick is strong in the toiletries and car care sectors.

Mr Cassidy said the deal would be earnings dilutive in the year to February 28, becoming earnings enhancing in year two.

The company is to issue up to 7.5m new shares, with the cash part accounting for £12.4m of the offer. Gearing will jump from the present 12 per cent to about 60 per cent, and increase further as investment is made in the new business. Mr Cassidy said he was confident that the synergies from the takeover would become evident "fairly quickly".

Elswick made operating profits of £3m last year on turnover of £54.2m, 75 per cent of which emanated from its labels business. The remainder came from an agribusiness based in East Anglia.

Relationship sours after 26 years

Andrew Baxter and David Wighton on the Scholes-ABB disagreement

T[redacted] breakdown in [redacted] Group, [redacted] medium-[redacted] UK [redacted] of [redacted] installation equipment, and Asea Brown Boveri, Europe's largest [redacted] group, [redacted] glance [redacted] reflect [redacted] between [redacted] and minnow.

[redacted] agreed [redacted] month to [redacted] £96.1m takeover bid from Hanson, the Anglo-US conglomerate. But on Wednesday it [redacted] it [redacted] to higher offers and revealed that, [redacted] received, it had reached an advanced stage of discussion [redacted] Felten & [redacted] of Germany to replace ABB as technology partner.

ABB has a 4.5 per cent stake in Scholes, and has given an [redacted] undertaking [redacted] accept the Hanson bid. But for [redacted] to be seeking [redacted] replace ABB indicates how far relations between the two companies have deteriorated in the past three years.

Early [redacted] 1991, amid [redacted] fanfare, [redacted] the [redacted] important UK joint venture companies, strengthening a relationship [redacted] begun [redacted] with a licensing agreement. The [redacted] ABB Wylex [redacted] by [redacted] UK company) was to sell the prod[redacted] by [redacted] second, [redacted] Wylex Product & Development (51 per cent owned by ABB).

This was an expanded version of a 1980, Scotland-based joint venture producing high performance miniature circuit breakers. But it would offer a range of new products supplied by ABB, including protective equipment, infra-red sensors [redacted] lighting systems.

[redacted] "little [redacted] large" element of the deal was apparent at the time – ABB's research and development spending alone was more than 10 times Scholes' annual turnover. But both sides saw attractions.

Bill Riches and Eric Drewery: their accounts of the breakdown differ, but they agree the relationship was not working

For Scholes, the deal was intended to bring protection from the shocks of the European Single Market. The late Mr Reg Harrington, then chairman and chief executive, foresaw dramatic changes in a UK market which still had about 50 installation equipment suppliers, against three or four for each of the main continental European markets.

With aggressive foreign companies buying into the UK market, he saw a broader technology relationship with ABB, Europe's largest installation equipment supplier, as the key to Scholes' survival.

ABB, meanwhile, hoped that access to 1,500 Wylex outlets would enhance its position in the UK installation equipment market, where it had been less successful than on the Continent.

The two sides' accounts of the breakdown vary, but at least they agree on one point – that the relationship was not living up to expectations.

Scholes' talks with F&G show it would be happier working with a company nearer to its size. But Mr Eric Drewery, chief executive of ABB in the UK, rejects the notion that the difference in size made failure inevitable.

"ABB is made up of many large and small companies and the relationship was between Scholes and ABB Stotz-Kontakt in Germany," he says. "The big world of ABB did not impinge on the relationship."

Instead, he says, "there was a mixed bag of problems, some small and some large, which meant we had not got the mileage we expected out of the joint ventures. We felt that Scholes could have penetrated further with the technology we supplied".

Mr Bill Riches, chairman of Scholes, says the two had come to recognise that their arrangements were not working as envisaged and relations became "quite strained".

One particular flashpoint has been the two-year negotiations for [redacted] buy Hanson's Crabtree electrical equipment interests.

Mr Riches [redacted] that two [redacted] ABB indicated [redacted] would support a Scholes offer for Crabtree, contribute £12m [redacted] £15m (increasing [redacted] 10 to [redacted]) and support the enlarged group [redacted] its technology.

But after BMW's purchase of Rover, he says, ABB decided it would not put new money into minority interests involving its technology unless it had some guarantee that it would eventually lead to control. Scholes [redacted] not provide [redacted] a guar[redacted].

Mr Drewery [redacted] interest in a minority [redacted] in [redacted] enlarged [redacted], and was not in the business of becoming "a friendly banker" to [redacted] likened its position to that of Honda at Rover to explain why it did not want an enlarged stake in the bigger group.

Due to this impasse, [redacted] looking for [redacted] European partner that would do more than just supply technology, and [redacted] to [redacted] Mr Riches [redacted] ABB, seeing the writing on the wall, [redacted] with support for [redacted] bid [redacted].

Mr Drewery emphatically [redacted] – as [redacted] – [redacted] a bid for Scholes was [redacted].

Mr Riches [redacted] that, if [redacted] deal with Hanson [redacted] concluded, [redacted] as Scholes' technology partner [redacted] contrary [redacted] would even be better.

ABB, meanwhile, hopes Hanson will succeed. Mr Drewery believes the combined Crabtree/Scholes business will be more effective in marketing ABB's products in UK than Scholes was alone.

Wembley disposals likely as deficit widens to £9.7m

By Tim Burt

Wembley, the debt-burdened stadium and greyhound track operator, yesterday hinted at further disposals following a sharp increase in first-half losses.

The group, which announced a pre-tax deficit of £9.73m for the half year to June 30, against restated profits of £2.58m, may sell its US greyhound track operations to help meet a £38.4m debt repayment due by the year-end.

Sir Brian Wolfson, chairman, is thought to have held talks with possible bidders for UTR, the North American greyhound business, but no formal agreement has been signed.

UTR contributed £2.7m (£800,000) to group operating profits of £6.82m (£11.3m).

Of [redacted] group's other divisions, [redacted] Wembley Complex made [redacted] (£5m); GRA, the UK greyhound business, [redacted] rise to [redacted] (£1.2m) while [redacted] reported gains [redacted] (£300,000).

Sir Brian played down the pre-tax losses, saying they were almost entirely because of a restatement of goodwill on Pacer Cats, the computer ticketing business.

Earlier this year Wembley sold a 50 per cent stake in Pacer Cats to meet a £40m debt repayment, but had to write back £16.7m of goodwill previously written off to reserves.

Following the bank repayment, interest costs fell from £8.01m to £7.08m.

Sir Brian, however, pointed to increased turnover on continuing operations of £63.2m – up 8.2 per cent from a restated £58.4m – and said full-year prospects were encouraging.

Wembley is considering refinancing proposals from three rival groups: Apollo Advisers, the US investment house led by Mr Leon Black; Allied Entertainments, the promotions business run by Mr Harvey Goldsmith; and City entrepreneurs Mr Luke Johnson and Mr Hugh Osmond.

"It is hoped that the board will be able to present a proposal to shareholders during the second half," Sir Brian said.

Restated losses per share came out at 4.35p, against earnings of 0.39p; the company said it was unable to declare interim dividends on ordinary or preferred shares.

Investment programme leads to loss at Division

By Alan Cane

Shares in Division Group, the first UK virtual reality company to float on the main market, rose 8p to 146p yesterday, despite half-year figures showing a loss of almost £1m.

The [redacted] warned a month ago that it would incur a deficit, tempering the news with the announcement of a strategic alliance with Hewlett Packard, the US electronics group.

Division floated in May last year at 40p.

The operating loss before tax and interest in the six months to the end of April amounted to £945,000. After £53,000 in interest received, the loss to shareholders was £982,000 or 2.6p a share. No dividend will be paid, in line with company policy.

Turnover was £2.11m, against a comparable £914,000 and equal to turnover for the whole of 1993.

Mr Iann Barron, chairman, said the loss reflected investment in product development and marketing. There had been signs of increasing maturity in the virtual reality – advanced computer simulation – market. In March the company delivered what it believed was the world's largest virtual reality system to Matsushita of Japan.

A development team had been established in North Carolina and expenditure would continue at a high level.

Shanks shares rise on good first quarter

Shares in Shanks & McEwan, the waste management company, yesterday rose 13p to 97p after a confident statement by Mr Gordon Waddell, chairman.

Speaking at the annual meeting, Mr Waddell said the first quarter showed a "satisfactory improvement" over last year.

"This reflects a strong performance in the waste services businesses, which has more than offset a disappointing quarter at Rechem," he said.

Mr Waddell said Rechem had suffered from the continuing uncertainty over the importation of waste for incineration, repeating the comment he made earlier this year that it was crucial that government statements on importation regulations be implemented.

Purchases and joint ventures boost CIA Group to £2.3m

By Diane Summers, Marketing Correspondent

CIA Group, the UK's largest independent media buyer, increased interim profits by 23 per cent from £1.89m to £2.32m pre-tax in spite of a sharp increase in operating costs due to expansion.

Acquisitions and joint ventures mean that the [redacted] group [redacted] operates in [redacted] cities across six European countries – a year ago its operations were confined to three cities in the UK.

Mr Chris Ingram, chairman and chief executive, said that 1994 would mark the move from "being a UK group with growing international business to a genuine European group".

Turnover for the six months to June 30 increased by 73 per cent to £212.3m (£122.9m), while operating costs jumped from £5.57m to £12.8m. Mr Ingram said the cost base had increased significantly "as a result of putting in place the infrastructure for building and running a considerably larger and more complex organisation operating on a multinational basis".

In the 1994 second half and moving into 1995, the higher costs would be covered by a much larger business base, he said.

Organic growth in existing businesses was 20 per cent in the first half, helped by the recovery.

Earnings were 2.76p (2.77p). The interim dividend is 0.51p (0.487p).

Saville Gordon buy

J Saville Gordon Properties, the property investment and development arm of J Saville Gordon Group, has bought a retail warehouse from a private investor for £2.05m. The current annual income is £195,000.

NEWS DIGEST

Taylor Woodrow £31m sale

Taylor Woodrow, the construction, property and housebuilding group, has raised £30.8m from the sale of the west London headquarters of the Amoco oil group.

The office building in Hangar Lane, constructed in 1986, had a current book value of £28.5m. It has been sold by Taylor Woodrow's property investment subsidiary to Sun Alliance and London Assurance.

The property produced a net rental income of £2.35m last year. Taylor Woodrow said the sale proceeds would be used initially to reduce group borrowings and to re-invest in the group's mainstream activities.

Net debt at the end of last year of £123m represented 28 per cent of shareholders' funds. The group made a pre-tax profit of £30.2m (£94.5m restated loss) in 1993.

Creston Land buys four business centres

Creston Land & Estates, the commercial property auditor, is buying Industrial & Commercial Estates, a new company with four freehold properties.

Creston is acquiring ICE for a nominal consideration and ICE is funding the £10.6m purchase of the properties, including outstanding debts, from the receivers of City Land by way of 100 per cent non-recourse loans.

Equifax attacks bid recommendation

Equifax, the US credit information group, has hit out at the UAPT-Infolink board recommendation of a lower takeover bid from Trans Union.

In a letter to shareholders, Equifax said that if the board was concerned that its 600p a share offer would be referred to the Monopolies and Mergers Commission, then it should wait for a judgment before advising shareholders.

Trans Union has offered 50p less, but because it has no UK operations its bid has no risk of a referral, whereas Equifax's offer is conditi[redacted] upon approval by the Office of Fair Trading.

Drayton Far Eastern static

Net assets per share of Drayton Far Eastern Trust were little changed at 165.03p at the half year to June 30, against 164.8p six months earlier.

After-tax revenue for the period dropped from £721,000 to £406,000 and earnings per share came to 0.351p (0.624p). The interim dividend is maintained at 0.125p.

Losses widen at Unit Group

Losses at Unit Group, the USM-quoted pallet maker, widened from £388,000 to £1.66m in the year to end-March.

The deficit was split between trading losses of £1.07m, and closure and reorganisation costs of £580,000. During the year the company consolidated operations on a single site at Golborne, Warrington.

Turnover fell from £18.9m to £16.8m.

[redacted] the end [redacted] May, Unit [redacted] £1.28m before [redacted] through a subscription and rights issue which, together with the sale of a former engineering site, helped cut gearing from 135 per cent to 34 per cent. Mr John Adams, chairman, said: "The group is now operating comfortably within its existing banking facilities.

[redacted] immediate priorities [redacted] achieve [redacted] further [redacted]tion in operating costs, improve production efficiency and recover increased timber costs by price increases."

Losses per share were 29.8p (6.3p) and again no dividend is proposed.

CRP Leisure falls deeper into red

CRP Leisure, the USM-quoted maker of sets for the theatre, exhibitions and theme parks, saw losses increase from £117,000 to £145,000 in the half year to April 30, on reduced turnover of £230,000, against £340,000.

[redacted] Paul Townsend, chair[redacted], said CRP's only active subsidiary, Victor Mara, which makes theatre scenery, continued to show a disappointing performance. Trading condi[redacted] in [redacted] business were likely to remain competitive and unpredictable.

First-half [redacted] share [redacted] 0.91p (0.73p).

Wellcome drug gets US approval

The US Food and Drug Administration has approved the use of Wellcome's Retrovir in pregnant women infected with HIV, the virus that leads to Aids.

The decision comes less than two weeks after the go-ahead was given from one of its advi[redacted] panels. Usually several months elapse between the panel's verdict and approval or [redacted].

Arcadian Intl buys Priest Hotel

Arcadian International [redacted] acquired Priest House Hotel and certain of the trading assets of Priest House Hotel Limited for a total of £3.52m.

In payment for the trading assets, Arcadian has agreed to transfer to PHHL the freehold and trading assets of two hotels at an agreed price of £1.91m. In addition Arcadian will pay the partnership which owns the freehold of the Priest House Hotel £1.61m cash.

Arcadian also has an option agreement to purchase the entire issued share capital of PHHL for about £1.91m.

Kleinwort Overseas net assets fall

[redacted] Kleinwort [redacted] Investment Trust fell by [redacted] per cent to 277.1p in the six months to end-June, against [redacted] the December [redacted] end.

That compared with a fall of 0.8 per [redacted] in [redacted] trust's benchmark – the FT-Actuaries World Index – but represents a 9 per cent advance on the year ago figure of 253.6p.

[redacted] revenue [redacted] the six months amounted [redacted] £1.53m, against [redacted]. The interim dividend [redacted] maintained [redacted] 1.5p, [redacted] from earnings [redacted] (2.18p) [redacted] share.

Reed Executive £2.8m in black

A 22 per cent rise in turnover helped Reed Executive, the recruitment [redacted] from pre-tax [redacted] of £177,000 to profits of £2.78m in the 26 weeks to July 3.

Mr Alec Reed, chairman, said the high fixed costs of the business meant "even a small fluc[redacted] in turnover means large movement in the bottom line": interim sales rose from £43.2m to [redacted].

[redacted] the [redacted] has now recovered to the level where we are experiencing can[redacted] shortages", said Mr Reed. He added that margins were improving as a result.

Earnings per share were 3.3p compared with losses of 0.9p, while an interim dividend of 1p (nil) is declared.

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RECRUITMENT

JOBS: Information Technology is transforming the search for vacancies

Window of opportunity for government policy

The middle-aged unemployed manual worker anxiously scanned the [illegible] display unit as the Guildford Jobcentre employee keyed in "warehouse work" and "£175 a week" as the man's optimum salary and preferred occupation.

The job search, which scanned all such jobs available in the Guildford area, came up with no vacancies. A second attempt was made, this time with £150 as the desired salary. Again no luck. "Try driving", he said. This time there were no vacancies that the man found acceptable.

"Keep looking at the vacancies on the boards in the office and we will access vacancies on the computer next time you sign on," advised the Jobcentre employee.

Jobcentres, run by the Employment Service, a government agency, handle about 30 per cent of vacancies in the UK, as well as administering unemployment benefits.

The Guildford Jobcentre employee keying into the visual display unit was operating an experimental Information Technology project [illegible] VOP (Vacan[illegible], Opportunities and Providers.)

In addition to providing screen access to vacancies, it will also provide single screen access to training programmes and claimants' records, many on paper at present.

The system has only been running for a couple of months and so [illegible] yet [illegible] formally evaluated. But staff hope that Mr Michael Portillo, the new employment secretary, is persuaded of the cost efficiencies of the new system and that he, in turn, can persuade his Treasury colleagues [illegible] those benefits. The cost of rolling out the programme to the 1,200 Jobcentres in England and [illegible] has [illegible] been worked out.

Better IT processes may be vital, say Jobcentre staff, if they are to manage their operations more efficiently. This need will be even more pressing next year when the ES, along with the benefits agency, part of [illegible] department for social security, will be administering the new [illegible].

This new allowance, [illegible] replaces income supplement and unemployment benefit, will place even greater [illegible] upon [illegible] unemployed to seek work and for Jobcentres to monitor that process more closely.

But most Jobcentres while physically integrating the administration of benefits and job search, operate systems that are designed for stand-[illegible] operations. This is at a time when the government's reforms will demand even closer integration of benefits and job seeking plans.

Not only are the IT systems that exist not integrated, but other pro[illegible] are outdated and time consuming. Mr Richard Foster, regional [illegible] of the Employment [illegible] for the south-east, grimaced as he [illegible] drill a hole with a pen into a claimant's "back to work plan" in order to attach it to the [illegible] form for unemployment benefit.

"Staff up and down the country have to do this thousands of times a week and and nobody thought of punching a hole in the form when it was printed," said Mr Foster, who recently [illegible] running a Jobcentre with his senior colleagues so as to better understand the needs of frontline [illegible]. A [illegible] colleague [illegible] "I [illegible] I spend 10 per cent of my time keeping [illegible] in [illegible] with [illegible] pieces of paper."

Nevertheless, [illegible] been working [illegible] efficiently over the past few years, according to government criteria. Mr Foster said: "We have achieved big performance gains through [illegible] and setting clear targets. But, there is a limit. So, we started focusing on the processes."

This involved a joint project between the office staff in the region, Price [illegible] Management Consultants and the ES itself, led by an ES board director, in which they examined ways the centres could improve their business processes.

"We are the ones who know what our business needs," said Mrs Shirley Whittle, the Guildford Jobcentre manager. "We want to get people back to work, but we have to have the tools to do that. In the past systems were handed down to us. This time we have been involved in the process."

The design process started last November, with a series of workshops. Users, from a range of frontline and advisory jobs, first mapped [illegible] processes and then suggested ways to make them work more efficiently.

The aim was to design an IT system that would best support both claimants and those employers offering jobs; improve advice to clients; encourage active job seeking; and boost the marketing areas of the centres' work.

A first finding of the project was that the system for taking vacancies was poor. Traditionally the [illegible] experienced member of staff was put to that job and he or she was often unable to obtain the best job descriptions.

Using a Windows-based computer package, the vacancy-taker can now access a number of prompts which make staff instant experts in different trades. "Carpenters are not just carpenters," [illegible] Mrs Whittle. "There are first fix and second fix, for example and those vacancies demand different skills."

S[illegible] instantly placed on the computer system, which [illegible] the [illegible] to all four Jobcentres participating in the project. Press another button and there is an instant print-out for the notice boards. Before this, jobs [illegible] out for the [illegible].

Mrs Whittle said that in the past staff were often tempted to keep the best vacancies for their Jobcentre, only passing on less desirable ones to other offices in [illegible] to work areas. The new system, she said, giving automatic distribution of vacancies would be to the benefit of both clients and employers.

Despite a few teething problems Guildford Jobcentre staff described VOP as "brilliant." Staff pointed to what they called a glaring example of systems not keeping up with new [illegible] on the service. This involved what is called "active signing", a new procedure in which claimants attending the Jobcentre to "sign on" every few weeks are now actively asked what they are doing to find a job. Such information is [illegible].

But, the Jobcentre staff signing them on in most offices [illegible] no sheafs of vacancies on their desks. Normally they physically have to [illegible] up and [illegible] to the [illegible] playing [illegible] if they want [illegible] claimants to jobs [illegible] offer. Most do not have the time to do so.

VOP offers such a service [illegible] the press [illegible] button, as well as automatically recording what jobs people may have declined or tried to get – information which will be even more vital with the Jobseekers [illegible]. [illegible] information [illegible] manually recorded at present, a process that is not only time consuming but also not foolproof.

"VOP will help staff test availability by giving them instant access to a much larger number of vacancies of the kind that the job seeker says he is looking for," said Mr Foster.

"The system is great" said one you[illegible] employee at Guildford. "I had [illegible] man who wanted retail work. He could not believe it when 200 vacancies flashed up on the screen. I get more job satisfaction because clients can actually become involved in the process as well as seeing that you are trying to help them."

While the middle aged manual worker seeking warehouse or driving work did not like the information that was being flashed in front of him, there was a sense that he felt a participant in the process.

The system may in turn place new demands on employers. Mrs Whittle said: "Sometimes employers ring Job[illegible] with vacancies that we know nobody will accept. These vacancies are not always actively promoted. [illegible] all jobs taken are instantly put on record. But, because one of our assessment criteria is the number of vacancies that [illegible] fill, we will have to communi[illegible] more effectively with employers about what jobs are acceptable."

Lisa Wood

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A minimum of [illegible] years' relevant experience, a post-graduate legal qualification and fluency in both English and Tamil, along with an in-depth knowledge of Indian business and culture, will all be pre-requisites.

To apply, please send full career details to, Alastair Lyon, [illegible], Confidential Reply Handling Service, Associates in Advertising, 5 St John's Lane, London EC1M 4BH. Please state clearly any companies to which your application should not be sent.

ASSOCIATES IN ADVERTISING

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banking recruitment consultants

Relationship Manager
c£40,000

Top tier International Bank seeks a dynamic individual to develop relationship management in [illegible] division. Working closely with the account managers, [illegible] role will include extensive liaison with the client base and selling the Bank's products. Previous relationship or sales experience from an International Bank is required, together with good negotiating skills.

Product Manager - Global Custody
[illegible]

A challenging role has arisen for an individual [illegible] drive the [illegible] products and Trade Capture [illegible] for a large Custodian. The position offers a high degree of customer contact and a significant level of responsibility in projects management. A good knowledge of Swift, trade capture and proprietary link systems would be strongly advantageous.

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Telephone 071 638 [illegible] 071 382 9417
A [illegible] of the Blomfield Group

APPOINTMENTS ADVERTISING
appears in the UK edition every Wednesday & Thursday
and in the International edition every Friday.
For further information please call:
Gareth Jones on +44 71 873 3779

Investment Fund Sales Executive
Europe & Middle East
Young graduate with European Linguistic skills

Our client, ranked amongst the top 15 US Corporations is one of the world's largest Financial Services Groups employing 40,000 staff worldwide. The London office markets their Umbrella Fund to Europe and a talented young sales executive is now sought to join the growing sales team.

Your role involves the provision of a top quality service to existing clients [illegible] assisting in new business development. You must be willing to travel overseas.

Aged in your mid 20's and a recent graduate, it is essential that you have gained 2-3 years experience in the investment sector. You are highly ambitious, career orientated, fluent in one or more continental languages, preferably German, and are already based in London.

To apply, in strict confidence, please write enclosing your cv, (explaining in detail your investment experience, linguistic skills and current salary package), quoting reference 1032 [illegible] Fiona Law at FLA Ltd, 211 Piccadilly, London W1V 9LD. Tel: 071-738 9732.

FLA
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متداول الأصل

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

DEPARTMENT OF ECONOMIC DEVELOPMENT
INDUSTRIAL RESEARCH AND TECHNOLOGY UNIT

DEPARTMENT OF ECONOMIC DEVELOPMENT

irtu

CHIEF EXECUTIVE

OF THE INDUSTRIAL RESEARCH AND TECHNOLOGY UNIT

Applications are invited for this senior post in the Department of Economic Development which will become vacant by the end of 1994.

IRTU provides technology-related services to NI industry. Its aim is [illegible] improve the competitiveness of industry and strengthen the economy of Northern Ireland by encouraging innovation, industrially - relevant R & D and technology transfer.

The appointment is offered on [illegible] a 3 year contract with the possibility of renewal. The Department would also be prepared to appoint on [illegible] of an inward [illegible]condment in which case the [illegible] to [illegible] with [illegible] parent organ[illegible]on.

The salary will [illegible] related to [illegible] Northern Ireland Civil [illegible] which currently is £52,704 to £62,817.

The [illegible] applicant will be qualified to the third [illegible] technology related discipline and have extensive senior management experience in the public or private sectors. He/she will also hold the office of Chief Engineer and Scientist in DED, and in that role will provide appropriate advice to the Minister and Government.

A job [illegible] sheet is [illegible] on request from [illegible] Anna Cooper, Department of Economic Development, [illegible] BT4 2JP, Telephone 0232 [illegible]

The [illegible] applications will [illegible] August [illegible]

The [illegible] Ireland Civil [illegible] equality of opportunity in employment and [illegible] applications [illegible] all suitably qualified applicants, irrespective of [illegible] gender or disability. As [illegible]n Catholics and [illegible]n are currently under-represented amongst the senior general service grades, applications from the [illegible] Catholic section of the community and from women would be particularly welcome. All applications will be [illegible] on [illegible]

CJA

RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M [illegible]
Tel: 071-588 3588 or 071-588 3576
Fax No. 071-256 8501

Challenging opportunity for a seasoned manager to work a 2-3 year contract in Nigeria prior to transfer elsewhere in the Group worldwide.

CJA

PRODUCTION AND TECHNICAL DIRECTOR- PRINTING INKS FACTORY

ABUJA, NIGERIA **£70,000-£110,000 + free housing and car**

RECENTLY ESTABLISHED NIGERIAN/SWISS JOINT VENTURE OPERATION SET UP TO PRODUCE PRINTING INKS IN NIGERIA

We [illegible] applications from mature and energetic individuals, aged 35-50, who must [illegible] significant production/manufacturing management experience, ideally in paper, printing, [illegible] similar industries. This experience [illegible] include 3-4 years' working in [illegible] Africa [illegible] working with, managing and motivating an indigenous work force. As [illegible] selected [illegible] you will report [illegible] work closely with [illegible] Managing Director, whilst having [illegible] strong management [illegible] line with [illegible] in Switzerland. Your role will be to [illegible] effectively [illegible] production activity in [illegible] new factory employing [illegible] staff, although [illegible] planned [illegible] expand rapidly in [illegible] future. There will be full technical [illegible]rt from Switzerland. Essential q[illegible] confidence, integrity plus well developed diplomatic and [illegible] it happen' skills. Initial salary, including payment arrangements, [illegible] negotiable in [illegible] £70,000 - £110,000, + [illegible] housing, [illegible] car, paid home [illegible] flights, [illegible] other ex-patriate [illegible]

Applications in strict confidence under [illegible] PTD4989/FT to [illegible] Managing Director: [illegible]

BANKING FINANCE & GENERAL APPOINTMENTS

Exceptional Opportunities in Corporate Trust & Agency

Bankers Trust Company

Excellent Remuneration including Bonus + Benefits **City**

Bankers Trust is a leading US investment bank providing wholesale financial services to clients throughout the world. The international Corporate Trust [illegible] Agency Group (CTAG) provides global capital [illegible] services including agency, trustee and depositary services. It [illegible] a fully autonomous business group with offices in New York, London, Dublin, Luxembourg and Hong Kong and enjoys an unparalleled reputation for innovation and service quality. [illegible] part [illegible] continued expansion of this highly successful business, a number of ambitious and commercially oriented individuals are sought for the following positions:

Head of Sales [illegible] Marketing

Reference 6740/C

THE APPOINTMENT

- Develop [illegible] and marketing strategies to drive the [illegible] forward, leveraging [illegible] product areas within the [illegible]
- [illegible] and coordinate all [illegible] and marketing [illegible] the group.
- [illegible] the [illegible] team contributing to the [illegible] the [illegible]

THE REQUIREMENTS

- In-depth understanding [illegible] capital [illegible] with previous front-line sales/marketing experience.
- Leadership qualities, [illegible] interpersonal [illegible] creativity.
- Well educated, highly [illegible] self-starter, preferably [illegible] previous team [illegible] experience.

Salesperson

Reference 6740/D

THE APPOINTMENT

- Develop and maintain sales effort in designated geographic [illegible] product areas.
- [illegible] the business unit's [illegible] in [illegible] client areas.
- Liaise with marketing and relationship management [illegible] to build profitable long-term business.

THE REQUIREMENTS

- Proven record of sales success in capital markets, preferably with [illegible] to Depositary Receipts.
- Ideally a command of [illegible] more foreign languages.
- Articulate, profit-oriented [illegible] player [illegible] "lives to sell".

Relationship Manager

[illegible] 6740/E

THE APPOINTMENT

- Develop and expand existing customer relationships, promoting the concept [illegible] a single service provider.
- Identify further revenue opportunities by cross-selling all [illegible] and [illegible] services, in close cooperation with sales people.
- Ensure excellent levels of service and build thorough understanding of pricing [illegible] documentational needs.

THE REQUIREMENTS

- [illegible] client management [illegible] experience, perhaps in a corporate banking or corporate finance function.
- [illegible] review experience an advantage.
- [illegible] language [illegible] but [illegible] essential.
- [illegible] communication and negotiating skills, strong [illegible] commercial [illegible]

[illegible] for all [illegible] above positions must [illegible] had [illegible] capital [illegible] field, through experience in [illegible] banking, commercial banking [illegible] client service organisations targeting [illegible] services [illegible]. These are excellent opportunities [illegible] the [illegible] operations mould and [illegible] a significant personal impact within [illegible] rapidly growing [illegible] high profile [illegible] unit.

Please apply in writing, quoting the appropriate reference number, to Susannah Truswell.

K/F Associates, Regent Arcade House, 252 Regent Street, London W1R 5DA.

K/F ASSOCIATES
Selection & Search

AI TC

Investment Trusts

ASSOCIATION OF INVESTMENT TRUST COMPANIES

Director, Adviser Services

Our client, the AITC, will shortly make the above major appointment. The main thrust of the job is to direct a programme designed to educate financial advisers in the use of investment trusts.

Controlling a small team, the position will report to the Director General and be responsible for:-

- *the creation of a coherent plan of campaign, including targets and objectives*
- *the day-to-day running of the programme*
- *development of new education and training techniques*
- *making presentations and preparing written promotional material*
- *maintaining regular contact with financial advisers nationwide.*

The successful candidate will be able to demonstrate a strong technical knowledge of investment trust companies. It will also be essential that he/she possesses a good working knowledge of the IFA community. Communication skills, including public speaking, will be particularly important to the job. Possibly a qualified accountant [illegible] a lawyer could be appointed to this position.

This is a key position in the AITC and an attractive salary plus benefits package will be negotiated and is unlikely to prove a problem for the right candidate.

Applicants should apply in writing with a brief CV together with a covering letter, demonstrating their relevant knowledge and experience.

Please contact Jock Coutts at Career Plan Ltd., 33 John's Mews, London, WC1N 2NS. Fax 071-831 7623

Career plan

Personnel Consultants

Trade Finance Company

Trade Finance Manager

Excellent Remuneration **London**

Our client provides [illegible] consulting services [illegible] blue chip multi-national companies. It specialises in countertrade, [illegible] financing and debt settlement utilising oil, gas and other commodities. Major areas of activity include CIS and Indian sub-continent. Advice [illegible] clients includes trade finance, contract [illegible] and [illegible] implementation. Rapid growth in the company requires a Trade Finance Manager with unlimited potential.

THE APPOINTMENT

- Handle client relationships.
- Provide [illegible]
- [illegible] negotiations [illegible] third parties [illegible] behalf [illegible]
- Develop trading opportunities for products offered in [illegible]
- [illegible] client marketing [illegible] handle [illegible] administration.

THE REQUIREMENTS

- University degree, [illegible] 30 ideally with language skills.
- Highly [illegible] individual who [illegible] prepared [illegible] travel
- Background in banking [illegible] a trading [illegible]
- Experienced in trade finance and in implementation of commodity deals.
- Entrepreneurial approach [illegible] business opportunities [illegible] constructing deals.

Please apply in writing with full CV and salary details, quoting [illegible] 90776/A, to Nigel [illegible]

[illegible] Associates, Regent Arcade House, [illegible] Regent Street, [illegible] W1R 5DA.

K/F ASSOCIATES
Selection & Search

Director and Associate

Global Structured Products Group

Attractive Package Zurich

UBS Limited's London Global Structured Products Group wishes [illegible] recruit a Director and an Associate to work in [illegible] Zurich office.

The Director will develop, structure and [illegible] tax-based investments, financings and private placements, initially focusing on Switzerland, Germany and Austria. The role will also include responsibility for developing the relationship with existing structuring groups in Zurich. Fluent in French [illegible] German, you will have [illegible] least five years' experience of structured products [illegible] sound knowledge of Capital Markets.

The Associate will work in the Zurich office on a [illegible] year secondment, reporting to the Director. The role includes preparing presentations, modelling cashflows and working with external lawyers [illegible] develop complex structures. You will also have internal and external marketing responsibilities. [illegible] will probably have [illegible] years' experience in either derivative markets or structuring and be fluent in French or German.

Both roles carry [illegible] attractive remuneration and benefits package.

Please send your full career history and current salary details by 31st August 1994 [illegible]

Wendy Barton – Personnel Department
UBS Services Limited
100 Liverpool Street
London
EC2M 2RH

UBS Limited

CREDIT ANALYST

£30,000 + Bonus + Benefits **Central London**

[illegible] client is [illegible] respected newly established international investment management [illegible]. This reputation [illegible] not only been gained by commercial [illegible] but [illegible] by the considered [illegible] sustained way in [illegible] company has planned and implemented their recruitment plans. They are now at [illegible] stage where they can [illegible] opportunity to a young, high-calibre [illegible] Analyst.-

Working with the existing [illegible] team, your primary responsibility will be the contribution [illegible] measured, yet creative credit analysis advice. Due to the nature of the team structure, however, you will also be given the opportunity to learn new skills and make a direct impact on the [illegible]

Ideally [illegible] between [illegible] you [illegible] have [illegible] good degree (2:1 [illegible] above) in [illegible] numerate discipline. This will [illegible] reinforced by 2-3 years' experience [illegible] credit analysis which may, [illegible] example, [illegible] been gained in [illegible] a corporate credit department [illegible] in credit [illegible] on a dealing floor. [illegible] knowledge of [illegible] will be particularly advantageous. [illegible] is absolutely [illegible] that your commercial experience [illegible] reinforced by a dynamic and creative attitude to your [illegible] and the [illegible] in which you [illegible] You must [illegible] to work with people who will expect you [illegible] actively contribute [illegible] direction and the success [illegible] the company on [illegible] day [illegible] day [illegible] just according to individual credit briefs. You must, accordingly, be accustomed to working [illegible] independently and as part of a team, combining an entrepreneurial spirit with [illegible] Most importantly, [illegible] must [illegible] eager [illegible] join an organisation whose commitment [illegible] your growth will be as great [illegible] their own.

For further information, pl[illegible] contact McGregor Boyall Associates, quoting reference CAFT34, on 071-734 4010. Alternatively, send your CV to [illegible] at Sutherland House, 5-6 Argyll Street, [illegible] W1V 1AD. [illegible] 071-734 1297.

McGregor ■ Boyall
Business & Technology Selection for Financial Markets

Project Finance

Top Investment Bank

Excellent Packages **London**

Two exciting opportunities for experienced infrastructure finance advisors, in a leading global house. International roles with extensive travel from a London base.

THE COMPANY
- Highly successful, integrated investment bank.
- Strong existing reputation for creating winning financial packages for major infrastructure projects.

THE POSITION
- Marketing and executing financial advisory mandates for infrastructure and power projects.
- Extensive involvement in financial analysis and modelling complex [illegible] and tax structures.
- Particular focus on the European Union and Asia.

QUALIFICATIONS
- [illegible] positions require: outstanding academic qualifications, including MBA or other relevant postgraduate degree; extensive experience of infrastructure project advisory work and an appreciation of overseas cultures, preferably from having lived and worked outside the UK.
- For one position exceptional and broadly [illegible] language skills are required.
- For the other, experience of advising and [illegible] projects in Portugal is a prerequisite.

Please send full cv, stating salary, ref HN3103, to NBS, 54 Jermyn Street, London SW1Y 6LX

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a BNB Resources plc company

NBS

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Interest Rate & FX Derivatives Trader

London **£ Excellent**

Our client, a leading global Investment Bank and recognised market leader in the innovation and trading of derivative products, seeks to hire an experienced trader to join its London based team. The bank is [illegible] increasing its exposure to non [illegible] currency risk, specifically in Europe.

The ideal candidate will have 3-4 [illegible] experience of trading exotic and second generation options in European currencies and interest rates, with an emphasis on developing and structuring product ideas as well as effective risk management. It is envisaged that the successful candidate will be working for a leading trading house, with significant commitment to Europe.

The successful candidate will be highly educated with a proven strong technical background and proven trading record in derivative products.

Interested applicants should write to **Gavin Starling at Michael Page City, Page House, 39-41 Parker Street, London, WC2B 5LH,** quoting reference **199147. Fax 071 405 9649.**

All applications will be treated in the strictest confidence.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

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Implementing your own ideas within a professional team

Within our strategic planning concept, Commerzbank attaches special importance to expanding dealing in money market-orientated interest rate products. Accordingly, full attention is devoted to further enhancing the professionality of our team. The focus of its activities is on Financial Futures, Interest Options and FRAs. To strengthen this team we are now looking to recruit a

Dealer (m/f) for Derivatives in Money Market-Orientated Interest Rate Products

This opportunity is addressed to that select group of top specialists who – as graduates with an emphasis on mathematics – have acquired several years of experience in trading interest rate products. With a thorough understanding of economic and technical analyses, the successful candidate will trade independently using his/her own performance-driven ideas.

Commerzbank offers the working environment you may have long been seeking: minimum hierarchy, maximum team spirit and recognition of capability and performance.

Are you seeking a better setting for your talent?

If this opportunity interests you, please contact us, or submit your Curriculum Vitae, in strictest confidence. Kindly address your reply, bearing the notation "Dealer for Derivatives", to Commerzbank AG, z.H. Herrn Kowalski, Zentraler Stab Personal Internationales Finanzgeschäft, Fachbereich 1, D-60261 Frankfurt am Main.

COMMERZBANK
German Know-How in Global Finance

MERCURY
ASSET
MANAGEMENT

PRIVATE CLIENT FUND MANAGER

We are one of Britain's leading investment [illegible] with £1.8bn of UK private client funds under discretionary management. Owing to the continuing growth of our business, there is an opportunity for a motivated and professional fund manager to join our UK private client team.

THE ROLE:
- Manage and administer substantial portfolios on behalf of discretionary private clients
- Be responsible for all aspects of day-to-day client relationships
- Contribute to research on a UK [illegible]
- Present our services to potential clients

THE QUALIFICATIONS:
- Minimum of five years' private client fund management experience
- A graduate aged between 27 and [illegible] preferably with the IIMR or equivalent qualification
- Strong client handling and communication skills
- A pragmatic and sensitive team player

Please reply enclosing CV and [illegible] letter to:
BG [illegible] (Agy), 1 [illegible] Court, Lothbury, [illegible] EC2R 7HD. Telephone: 071-929 7770

INVESTORS CHRONICLE

COMPANIES WRITER

We require an [illegible] analyst/financial journalist for our companies section. The position will be offered on a one year [illegible]

The job is interesting and responsible, analysing the performance of quoted companies and giving an informed comment on the [illegible] Each writer has his/her own sectors but is expected to work as a member of a team.

[illegible] to be able to interpret a company's financial performance, assess its likely impact on the share price and put this into clear, concise and entertaining language while meeting demanding deadlines.

Please send CV with hand-written letter to Carl Jones, The Editor, Investors Chronicle, Greystoke Place, Fetter Lane, London EC4A 1ND.

The FT Group is committed to being an Equal Opportunity Employer

BRADFORD
CITY OF OPPORTUNITIES

FINANCE

Overseas Investment Manager

P05/6: £24,090 - £26,961 p.a.
plus professional market supplement
(pay award pending)

The West Yorkshire Superannuation Fund is one of the largest UK Local Authority pension funds having investments with a current total market value of £2,500 million including overseas securities valued at £600 million. The fund is administered by the City of Bradford Metropolitan Council and its entire portfolio is managed in-house by the Investments Section within the Directorate of Finance.

The postholder will head a small team having responsibility for the management of the funds overseas securities.

Applicants should be qualified accountants or educated to degree level or equivalent, have at least 2 years' relevant investment management experience and possess the drive and innovative skills necessary to make a successful contribution to the investment performance of the fund.

For an informal discussion, please contact Peter Turnor on Bradford (0274) 754219.

Closing date: 30 August 1994. **Ref. F570/FT**

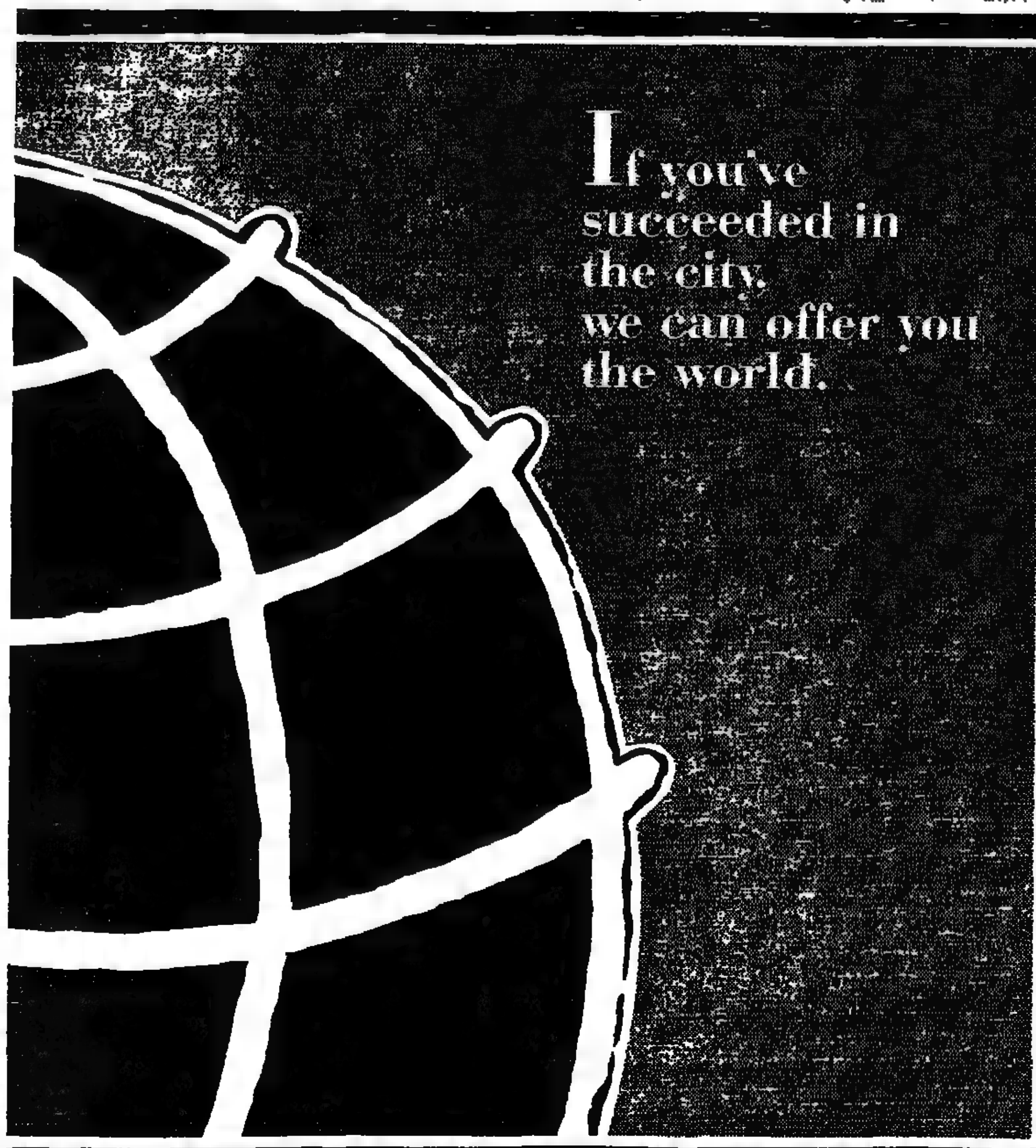
Application forms are available from the Director of Finance, Department 21, Personnel Office, 1st Floor, Britannia House (Broadway Entrance), Bradford BD1 1HX Tel. Bradford (0274) 752765.

Unless otherwise stated, all full-time Officer posts are available for job sharing. (partner not necessary).

As an Equal Opportunities Employer, Bradford seeks a workforce which reflects the community we serve. We welcome applications from those groups under-represented among our staff.

Equal Rights at Work

CITY OF BRADFORD METROPOLITAN COUNCIL



TRAINEE DEALERS/ CAPITAL MARKETS

c£27,000 with enormous potential

You're probably already looked in from the other side and said to yourself, "I could do that".

Now's your chance. Because we're looking for graduates who are under 25, probably working in the City – perhaps with a background in Banking, Insurance or Accountancy- and want to make the transition into the exciting world of dealing.

You already have a high degree of integrity and professionalism, along with a good understanding of the banking and financial world. Now you have the chance to unleash the determination and ambition that have been driving you in search of a new, [illegible] interesting and global challenge.

We're not promising an easy life. The work you will be doing demands extraordinary application and commitment. [illegible] do promise that, if you succeed, you will have proved yourself in one of the toughest environments around. [illegible] the rewards themselves will prove, when you progress from strength to strength.

You will need to be able to demonstrate tremendous potential, alongside a record of considerable achievement. That must include at least three A levels (grade B minimum) and a good degree (minimum 2.1). But in addition to your academic prowess, high intelligence and numerical ability, you must possess a high degree of confidence, determination, decisiveness and communication skills in abundance.

For our part we will offer a level of training that is quite exceptional, in the highly charged, professional environment you would expect from a bank of our standing. We are after all one of the largest banks in the US, and our London dealing room is recognised as a world leader in Foreign Exchange, Money Markets, Derivatives and Securities trading.

If you're the right person to cope with this challenge, the world could be yours.

[illegible] a copy of your CV, clearly listing your academic achievements, to our consultants at Moxon Dolphin Kerby, Ref. 4547, 178-202 Great Portland Street, London W1N 6JJ. Closing date for applications 22nd August 1994.

CHEMICAL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

GRADUATE FINANCIAL JOURNALIST

Extel Financial, the real time news service of the Financial Times group, requires a financial journalist. Applicants should be recent graduates with an economics background and knowledge of financial markets. Journalistic experience would be an advantage, and the ability to work well under pressure is essential.

Please apply with CV to: David Massey, News Editor, Extel Financial Ltd, Fitzroy House, 13-17 Epworth Street, London EC2A 4DL.

CONTROLLER - FUTURES AND EQUITIES

U.K. operating arm of privately-held global market maker and broker in exchange-traded financial and related products seeks an aggressive, results-oriented manager for the new position of full-charge Financial Controller of European Operations.

Responsibilities will include hands-on production and analysis of internal financial information, SRO regulatory reporting, budget design, cash flow analysis, and more. The successful candidate will possess an appropriate degree and have 5-10 years relevant job experience.

Please send resume with salary history to:
Box A2130, Financial Times, One Southwark Bridge, London SE1 9HL

TRUST AND ESTATE ADMINISTRATION MANAGER

Central London **c£35,000 package**

Our client is a long established private financial services company which also manages and administers a range of high value and complex family trusts. An opportunity exists to participate in future structured growth by developing the trust and estate administration department by the appointment of a proactive manager.

Reporting to the Managing Director and working closely with trustees, legal advisers and tax specialists, this demanding position will be responsible for *managing* all trust administration, and the maintenance of computerised records to strict deadlines. [illegible] will be necessary to provide advice to both trustees and beneficiaries, maintain financial controls, and [illegible] with administering estates.

Applicants should be aged between 30 and [illegible] [illegible] can demonstrate a [illegible] track record in trust administration – preferably from a banking or accountancy background. Sound judgement, excellent communication skills and the ability to delegate and motivate [illegible] small department, are considered essential qualities.

The remuneration package can be tailored to suit the successful candidate and could include a company car. There is a non-contributory pension scheme and private health insurance, and future progress will only be limited by personal performance.

Interested candidates should send a comprehensive CV, including details of current remuneration and a day time telephone number, all of which will be treated in the strictest confidence, to Andrew Sales FCCA, quoting ref. no. 772.

Kidsons Impey
Search [illegible] Selection Limited
29 Pall Mall, London SW1Y 5LP
Telephone: 071-321 [illegible]
Fax: 071-976 1116
UK, France, Germany, Italy, Austria, Hungary, Poland, Belgium, Switzerland, Czech Republic and Slovakia

KIDSONS IMPEY

Senior Project Management — Leading US Investment Bank

European Financial Systems Strategy

£ Excellent + Bonus + Benefits

Our client is one of the world's most powerful financial institutions and a pre-eminent force in global securities markets. The environment is one of expanding business volumes and increasing product complexity in which the strength and sophistication of the systems infrastructure are of paramount importance.

The organisation now wishes to appoint [illegible] key individual whose brief will be to manage [illegible] programme to enhance the firm's European control and reporting systems. Reporting to the Chief Financial Officer and liaising with senior management across finance, technology, operations and the front office globally, you will be responsible for co-ordinating the efforts of multiple teams involved in financial systems developments. Your role will be critical to the design and implementation of [illegible] broad range of systems across all product areas.

You will have executive level project management skills, extensive experience of I.T. within the context of financial control and [illegible] sound understanding of securities trading and investment banking. Probably a graduate ACA, your record [illegible] achievement to date will be underpinned by technical excellence and superb interpersonal skills.

For an individual with ability, energy and vision, the scope of this role is exceptional. In [illegible] culture which rewards performance your prospects for pay and promotion will be outstanding.

Interested candidates should write to Suzie Mummé at BBM Selection quoting reference number 305 and enclosing a full Curriculum Vitae which should include contact telephone numbers. All applications will be handled in the strictest confidence.

76, Watling Street, London EC4M 9BJ — BBM SELECTION — Tel: 071-248 [illegible] Fax: 071-248 [illegible]

EUROPEAN SALES MANAGER TELECOM

VIATEL, an international [illegible] company with headquarters in Paris and regional offices [illegible] Milan, Rome, Madrid, Barcelona, Brussels and Amsterdam, offers a Paris-based, senior [illegible] position for European Sales Manager. Company provides VPN [illegible] calling card voice services to medium tier companies throughout the world, utilizing our own sales staff and local agents.

Ideal candidate should possess:

- Minimum 5 years senior level sales responsibility, with emphasis on corporate sales
- Familiarity with recent innovations and developments in telecom industry
- Multilingual skills
- Must be able to work in the EC legally

This important position [illegible] [illegible] competitive salary/benefits package, bonus and [illegible] option plan. Qualified applicants are invited to Fax CV to: (Paris) 33-1-40-68-15-49.

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Individuals aged
23-35 seeking opportunities in financial markets. Potential to progress to senior management, with full profit participation.
Please call :
John Grossek on 071 240 4943

BBA

BRITISH BANKERS' ASSOCIATION

ASSISTANT DIRECTOR - BANKING SUPERVISORY ISSUES

The British [illegible] represents [illegible] views of the banking industry [illegible] [illegible] broad range of important [illegible].

We have a vacancy at Assistant Director level in our team dealing with regulatory and related matters. The successful candidate will be involved mainly in our work [illegible] banking supervisory issues, including the topical question of the regulatory treatment of market risk. The position will entail contributing to policy making and the coordination [illegible] the banks' relations with [illegible].

For this challenging opportunity, knowledge of the framework of banking supervision [illegible] the [illegible] will [illegible] [illegible]. In addition, experience of dealing with regulatory bodies, government departments, Parliament [illegible] EU institutions would [illegible] an advantage. Excellent [illegible] and the ability [illegible] work with minimum supervision and [illegible] pressure are [illegible].

Competitive salary offered, dependent on experience, with a non contributory pension scheme [illegible] other benefits.

Applicants should write, with their CV and details of [illegible] salary, to Michael Evans, Director, Administration, 10 Lombard Street, London, EC3V 9EL quoting reference FT 8.94.

BECTON DICKINSON

Assistant Treasurer Europe

Grenoble (France)

Becton Dickinson is a leading medical technology company that employs 3,900 people in Europe and 18,000 worldwide. The [illegible] manufactures and sells a broad range of medical supplies, devices and diagnostic [illegible] for the health care industry, medical research [illegible] and retail. The European headquarters [illegible] based in Grenoble, in the foothills of the French Alps.

The Assistant Treasurer Europe will report directly [illegible] the European Treasurer providing specialist expertise in [illegible] currency [illegible] with emphasis on the optimisation of financial resourcing [illegible] all European subsidiaries.

Key responsibilities will [illegible] [illegible] a European [illegible] the [illegible] of cash flows [illegible] related [illegible] of opportunities in the foreign exchange [illegible] markets, supporting operating management in the funding of major investments and the further enhancement of cash management systems.

There will [illegible] [illegible] significant liaison with operating subsidiaries, financial management and the US Corporate International Treasury Department.

Candidates should be graduates, aged 30+ with [illegible] minimum of five years experience in an international treasury operation. The successful candidate will work with a small central team and must become [illegible] focal point for European financial [illegible]. Excellent communication [illegible] and [illegible] definitive "hands-on" approach are [illegible] for this role.

[illegible] applicants [illegible] forward [illegible] comprehensive curriculum [illegible] and current salary details to Florence Nony, [illegible] International, 3 [illegible] Bineau [illegible] Levallois-Perret, Cedex, France (quoting reference FN 10542).

MP
Michael Page International
[illegible]
London Paris Amsterdam Dusseldorf Sydney

Management Accountant

C. London **c £30,000 + [illegible]** **Publishing**

Our client [illegible] [illegible] highly [illegible] and market leading newspaper publisher. They have a turnover in excess of £80 million and are part of a national media group.

An opportunity has now arisen [illegible] work closely with the financial controller and take responsibility for a small finance team. This challenging and responsible role will include:

- Supervising staff in [illegible] production of weekly accounts.
- Overseeing the production of the monthly Board Pack and preparing an analysis of [illegible] against budget and forecast.
- Preparing the annual cost and [illegible] budgets, liaising with Directors and departmental managers.
- Preparing quarterly forecasts, monthly balance sheets and cash flow forecasts.
- Assisting in systems projects and the ongoing improvement of management information and financial control.

Candidates will be qualified [illegible] and [illegible] likely to be aged 27-34, with [illegible] management experience and broad management and financial accounting skills. [illegible] should demonstrate the ability [illegible] meet tough deadlines and possess [illegible] logical and clear thinking approach.

This is an exciting chance to build your career in a successful group.

Interested applicants should contact
Andrew Fisher, Parkwell Management Consultants Ltd
3 Catherine Place, Westminster SW1E 6DX Tel: 071 [illegible] 5207 Fax: 071 233 [illegible]

PARKWELL

Senior Retail Accountant

West London **c£35,000 + Car + Benefits**

This dynamic Plc has a clearly defined and established image as a key player in its sector of the fashion retail industry. It has a turnover of approximately £100m across 90 stores in prime locations nationwide. Its product design and pricing policies have allowed the company to operate profitably during the recession increasing its penetration of the market. It is now poised to continue its growth by an aggressive programme of store openings.

The Role

- Implement EPoS systems nationally and upgrade the quality of accounting, MIS and financial control procedures, bringing [illegible] professional approach to working practices.
- Manage and direct the finance team. Introduce reporting systems and procedures to generate timely and accurate financial information in a user-friendly format.
- Responsible for budgets, forecasts and cash management. Develop stock control and branch reporting procedures, liaising effectively with senior operations personnel.
- Preparation of monthly and statutory accounts, adhering to strict timetables. Report to FD, assist in the development of a pro-active finance function.

The Candidate

- Graduate, qualified accountant aged [illegible]'s to early 30's with a successful track record gained in retail environment. EPoS experience essential.
- Excellent communication and motivation skills, [illegible] [illegible] work to demanding deadlines and prioritise effectively whilst adopting a hands-on approach, managing a small team.
- Ambitious, commercial and computer literate. Able to gain respect and influence [illegible] company. Capable of exercising initiative.
- Energetic and persuasive style. [illegible] personality and natural team player. Possessing the drive to succeed in a fast-moving, challenging environment.

Please apply in writing, enclosing full CV, quoting reference number LBA/192.

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Our client is [illegible] quoted independent merchant banking group whose diverse interests cover [illegible] broad range of financial [illegible] products.

[illegible] significant progress and profitability [illegible] largely attributed to the outstanding service [illegible] provides to its clients, combined with a high calibre [illegible] of professionals working within the organisation.

Whilst continually seeking [illegible] expand their [illegible] business, they are also intent on making key strategic investments. A number of [illegible] new [illegible] recently been set up covering the areas of development capital, structured finance and fund management. Geographical expansion encompasses Europe and America.

The audit department plays [illegible] key part in identifying and controlling risk throughout the group. The developing nature of the group's [illegible] result in a dynamic control environment in which a thorough understanding [illegible] the business issues and [illegible] close interaction with the operations, trading, financial control and systems areas is required.

Applicants should be highly motivated, possessing strong communication and analytical skills. [illegible] should ideally have gained some experience in an Investment Bank [illegible] Securities House either within audit or financial control - alternatively, you may be in practice within a Banking Group and [illegible] good product knowledge.

For a detailed and confidential discussion, please call JONATHAN ROBIN on 071 336 7711 (evenings/weekends 081 444 9970) [illegible] alternatively forward your CV to the address below.

GMS
GOODMAN MASSON SHAW
Financial Search & Selection
2 Bath Street, London EC1V 9DX.
Telephone: 071-336 7711 Fax: 071-336 7722

Norwest Holst

GROUP FINANCIAL ACCOUNTANT

Watford, Herts

c.£27,000 + car + benefits

For [illegible] than [illegible] [illegible] Norwest [illegible] [illegible] one of the major [illegible] in the [illegible] and [illegible] engineering industry, achieving an [illegible] reputation [illegible] project [illegible] in the [illegible] [illegible] throughout [illegible] world. Through [illegible] company, Groupe SGE, [illegible] form [illegible] of Europe's largest construction [illegible] and, [illegible] part [illegible] continuous [illegible] improve our effectiveness, [illegible] currently centralising all corporate [illegible] in a single [illegible] at our [illegible] in [illegible].

This reorganisation means a challenging opportunity [illegible] join our [illegible] team. [illegible] joining [illegible] your [illegible] responsibilities [illegible] 6-monthly [illegible] consolidation, statutory [illegible] and corporation [illegible] you [illegible] your ability [illegible] progress, your involvement will [illegible] more widespread [illegible] control [illegible] international projects and [illegible] and, possibly, [illegible] management [illegible].

[illegible] qualified, you will [illegible] around 2 years' post-qualification experience, ideally gained from [illegible] major professional practice or in a similar position for [illegible] large [illegible] within an industry environment. Your experience [illegible] included exposure [illegible].

[illegible] return [illegible] your innovation and [illegible] a competitive salary and car, plus [illegible] including pension [illegible], 26 days' holiday and [illegible] appropriate.

To apply, please [illegible] your full [illegible] Gary [illegible] Manager, [illegible] Holst [illegible] Limited, Astral [illegible], Imperial Way, Watford, Herts WD2 [illegible]

Working [illegible] equal opportunities.

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Finance and Administration Manager

N.W. London **£Neg**

Our client operates a number of prestigious franchises in the retail food sector, from [illegible] in North West London. The business has performed impressively over the last few years and now looks to consolidate its position.

An important part of its future plans [illegible] the appointment of a Finance and Administration Manager [illegible] manage and develop [illegible] function. Our client will expect you [illegible] provide the [illegible] timely and [illegible] management information, whilst taking day [illegible] day responsibility for cash [illegible] management, credit control and liaison [illegible] professional advisers. A thorough knowledge of [illegible] control and the use of computers will be of interest as will experience [illegible] managing a small [illegible] team.

You will be a qualified [illegible] [illegible] able [illegible] demonstrate the highest [illegible] of technical competence in an environment where trust, loyalty and [illegible] are crucial [illegible] success.

In the first instance, please contact Sandra Hipgrove or Chris Denington on 081 566 5900 or [illegible] enclosing [illegible] CV at the following address: [illegible] Thornton, International House, 7 High [illegible], Ealing, London W5 5DB.

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ACCOUNTANCY COLUMN

Nostalgia is a poor bottom line for auditing

David Maister argues that survival means moving from the traditional base to [illegible] wider range of services

The biggest problem with the accounting profession today is that there are too many auditors and [illegible] enough accountants. What auditors are increasingly coming to realise is that an audit is [illegible] product, not a career.

Saying you are an auditor is akin to stating that you know how to make – [illegible] supervise the making of – one thing and one thing alone: an audit. You are effectively betting your career on [illegible] single product, a risky move at best.

This wasn't [illegible] bad bet back in the good old days when demand for that one product was great, when the market placed a high price on it, and clients did not shop for your product predominantly based on price.

All this has changed. Now the question is: what else can you do for me to justify the high income I've been paying [illegible] auditors for all [illegible] years?

Someone who [illegible] auditor rather than an accountant has a serious career problem. Every [illegible], all [illegible] the accounting firms are working furiously [illegible] train [illegible] numbers of younger people [illegible] know how [illegible] auditor [illegible] do: supervise an audit. So, each [illegible], the poor [illegible] existing knowledge and skill is becoming less scarce and less valuable. His or her asset is rapidly depreciating in value.

Of course, this sad situation is true [illegible] professionals. They must continue to build new skills to stay ahead of the pack. But how [illegible] auditor [illegible] to remain an auditor do this?

The great business virtue of auditing – that it [illegible] annually recurring work – [illegible] also [illegible] greatest career trap for the auditor. He or she is not going to learn new things rapidly by auditing the same companies year [illegible]. Keeping up with the latest changes in accounting regulations helps, but could hardly be called rapid skill building.

The [illegible] and most obvious [illegible] to continue to build skills [illegible] to stop auditing the same clients and trade up to doing the audit [illegible] larger, more complex client organisations which pose stretching, challenging audit issues.

It is not a bad solution, but unfortunately one that is available only to a tiny percentage of those trying to earn a living as auditors. Not every partner can audit British Telecom or its equivalent. In fact, it is fairly safe to say that the vast majority of auditors, if they are to keep their skills and knowledge valuable, will have to start doing something besides auditing.

They will [illegible] accountants. They will [illegible] start providing accounting and [illegible] that [illegible] view [illegible] worthy [illegible] high [illegible] that accounting has long provided these services, that is not the point.

The auditors themselves will have to be involved in providing these services. It may be nice for the client and [illegible] firm [illegible] one [illegible] your other partners provides [illegible] services, but where does that leave you? With [illegible] depreciating [illegible] declining [illegible]

Firms [illegible] telling [illegible] partners, but that is not really the individual's need. What the auditor needs to do is sell additional [illegible] that [illegible] or she can perform, and thereby learn something new.

Accounting firms have long talked about turning their audit partners into "business advisers" – for so long in fact that the mere use of the phrase inside most firms elicits automatic grins and groans. But action has been limited.

As a simple test, I often ask groups of audit partners: "How many of you regularly read the trade magazines of your top one or two clients?" The answers around the world (I [illegible] tried this in Europe, North America and Australia) are always less than 10 per cent. So much for being business [illegible].

Some changes are [illegible]. Firms and individuals are beginning to get serious about industry specialisation, finally responding to explicit client pleas that "If you want to be more valuable to me, get to know my business and give me business ideas".

Firms are also beginning to put pressure on their partners to keep up their learning and not just "cruise" on existing skills. If there is an "up-or-out" system for [illegible] trying to [illegible] partners, [illegible] is now increasingly a "grow-or-go" system for those who have made it.

More and more, firms are looking at ways to re-engineer their audits, not only to reduce cost but to generate the kind of business-diagnostic information [illegible] will [illegible] spot [illegible] for additional value-added services. They are making use of executive education training for their partners to try to give them "mini MBAs".

All of these actions are sensible, but they still leave open the most important question of all: is there a future in auditing? The more firms push to create the "full-blown value-added audit", the more they raise concerns about the question that strikes at the heart of their existence: independence.

If there are already regulatory and legislative questions being raised in the EU and the US Congress about auditing firms providing advisory services, how will it look if the actual auditors start rendering these [illegible]vices?

Any way you look at it, auditing cannot continue much longer as it is. It is a business full of paradoxes. To begin with the obvious, the providers think they are offering one thing (an attestation that financial accounts are in accordance with generally accepted principles). Meanwhile, the users of the service (despite the profession's best efforts to tell them otherwise) continue to believe that the service is something else: guaranteeing against fraud, affirming the financial health of the enterprise being audited, and so on. [illegible] lawsuits have failed to bring these mismatched perceptions closer together.

The paradoxes go deeper than that. Viewed from [illegible] business portfolio perspective, [illegible] auditing product line [illegible] be [illegible] very [illegible] component [illegible] portfolio. It is [illegible] low-growth, declining profit business with a high exposure to litigation. Why would [illegible] firm that had options want to nurture this product line?

The firms reply that it is a good regular, dependable cash flow, year after year, an annuity. This reminds me of the old joke of losing money on each item you sell, but making it up on the volume.

They say that the value of the audit is that it is a base from which they can cross-sell other services. I would believe this more if the firms had a better track record of cross-selling additional services, and if the regulators were not after the firms to stop them doing it.

Most firms' consulting and tax departments tell me firstly that they bring in most of their business themselves and do not rely on audit clients; and secondly that their most troublesome clients are the audit clients, because they expect the same low fee levels the auditors charge.

Is there a future for audit? There will always be a need for audits, and someone will have to do them. However, I think the profession has a long way to go in completing the transformation it has only just begun.

Most accounting firms today still think of themselves (or did until recently) as audit firms which happen to provide a range of other services. If they are to survive, they must drop their nostalgia and realise that they have become accounting-and-finance-advisory firms for which the audit is just one of their products, and a diminishing, ever-less attractive one [illegible] that.

[illegible] professional firms and author of Managing [illegible] Professional [illegible] Firm, Free Press, 1993.

SOUTHERN NEWSPAPERS PLC

FINANCIAL DIRECTOR

Southernprint (Web Offset) Limited

MAGAZINE PRINTERS **DORSET**

Southernprint (Web Offset) Limited [illegible] the major contract printing subsidiary of Southern Newspapers PLC, the highly successful regional newspaper publishing group based along the South Coast. The Company [illegible] benefited from a significant capital investment programme over [illegible] last [illegible] years making it a major supplier in its chosen areas of operation with a turnover in excess of [illegible] million.

This senior board appointment will involve active participation with [illegible] other Executive Directors in the management of the [illegible], together with providing, through [illegible] small but competent Accounting Department, high quality financial and management information. Initially the role will focus on reviewing and upgrading all internal control and reporting systems but there will also [illegible] the potential [illegible] develop a broader influence within the Company and contribute positively to commercial decision taking and the future development [illegible] business.

The position reports directly to the Managing Director and maintains close co-operation and liaison with the Group finance function. Candidates must be qualified accountants and will probably have experience of both professional [illegible] production/commercial environments. With post qualification experience at [illegible] senior level, you will [illegible] to demonstrate the communication [illegible] play [illegible] major role within a small profit orientated management team whilst maintaining a hands on approach towards timely day to day operations.

An [illegible] remuneration package [illegible]

Applications, together with CV and details of [illegible] remuneration, should [illegible]

[illegible] Boon,
Group Human Resources Manager,
Southern Newspapers PLC, 45 [illegible] Bar,
Southampton [illegible] 7AA.

Finance Director

Service Sector

£40,000 + Car **North West**

Highly commercial Board position in fast moving, customer led service business at exciting stage of development. Wide ranging business brief for finance professional seeking broader responsibilities.

THE COMPANY
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- Significant player in [illegible] competitive field. Provides first [illegible] time critical [illegible] to [illegible] companies.
- Huge growth potential through partnerships and joint [illegible]

THE POSITION
- Key Board position determining company and [illegible] together with long [illegible] funding. [illegible] full reporting [illegible] to [illegible]
- [illegible] commercial [illegible] responsibilities including contract negotiation, [illegible] planning and HR function.
- Provide full statutory and management information. Design and develop sophisticated computerised [illegible]

QUALIFICATIONS
- [illegible] with financial [illegible] background within customer facing [illegible]. Strategic [illegible] hands-on approach.
- Experience in liaising with customers, banks, external advisors and senior management.
- Understanding of HR [illegible]. Logical, commercially astute and change driven.

Please send full cv, stating salary, ref YN3101, to NBS, Prospect House, 32 Sovereign [illegible], Leeds LS1 4BJ

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- Devolved, enabling culture. Sophisticated [illegible] and [illegible]

THE POSITION
- Responsible [illegible] Executive and [illegible] all financial reporting, Tax and DTI returns and Business Planning.
- Leading and motivating professional team. Spearheading [illegible] programme and systems development.
- Broad strategic remit, guiding WPA to new levels of success [illegible] future.

QUALIFICATIONS
- Bright, flexible [illegible] committed [illegible] Accountant. Hands-on by instinct, but able to [illegible] effectively through [illegible]
- Thoughtful and [illegible]. Genuine [illegible] to quality and service.
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Please send full cv, stating salary, ref AN3212, to NBS, 37 Queen Square, Bristol BS1 4QS

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Salomon Brothers is one of the world's most powerful and prestigious financial institutions and a pre-eminent force in global investment banking [illegible] trading. [illegible] have [illegible] strong presence in [illegible] to further growth [illegible] Italy [illegible] to expand significantly [illegible] operations of [illegible] (SIM) [illegible] to appoint four key individuals who will be based in [illegible] spearhead [illegible] regulatory, financial reporting, [illegible] compliance functions.

Based Milan
Excellent package
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Product Line Support

[illegible] recently qualified ACA [illegible] an experienced [illegible] you will have [illegible] basic understanding of the [illegible] futures [illegible] good systems skills, [illegible] PC [illegible] database. Competence [illegible] English and [illegible] necessary. [illegible] responsible for reporting [illegible] analysing the traders' P&Ls [illegible] for [illegible] general ledger reporting. [illegible] will [illegible] responsibility for [illegible] hoc development projects, liaising closely [illegible] London trade support [illegible] Ref: 310.

Regulatory Reporting

As [illegible] fluent [illegible] Italian and English, you will have an understanding of [illegible] regulatory requirements for [illegible] and [illegible] experience of [illegible] financial markets. Responsibilities will [illegible] monitoring regulatory capital [illegible] monthly reporting [illegible] of Italy [illegible] CONSOB. [illegible] develop strong working relationships [illegible] Italian regulatory authorities, interpret and implement [illegible] regulations [illegible] closely [illegible] regulatory reporting group. [illegible] 311.

Financial Reporting

As [illegible] in Italy or [illegible] competent [illegible] languages, you will ideally have experience of [illegible] and [illegible] GAAP. Prime responsibilities will [illegible] management [illegible] financial accounting, payroll [illegible] control of the general ledger. [illegible] European [illegible] Department [illegible] respect of Italian [illegible] including corporation [illegible], withholding [illegible] 312.

Audit & Compliance

[illegible] Italian [illegible] fluent [illegible] English, you [illegible] have gained considerable experience of SIMs from [illegible] audit and compliance perspective. You [illegible] combine [illegible] understanding of [illegible] trading [illegible] associated risks [illegible] rigour [illegible] verify [illegible] integrity of the control infrastructure. [illegible] role is [illegible] high profile [illegible] require you [illegible] develop effective business relationships with regulatory [illegible] and other securities industry personnel. Ref: [illegible]

Each of these roles represents a superb opportunity to make a critical contribution [illegible] an exciting business venture. Candidates will be high calibre accountants [illegible] can demonstrate [illegible] experience, superior achievement and the determination to succeed. Energy, flexibility and strong interpersonal skills are essential, as are the specific language abilities indicated above. Candidates may currently be based in either Italy or the UK: interviews can be conducted in London or Italy and relocation assistance will be made available if required. A minimum two to three year commitment to Milan is envisaged. You will be fully challenged in this fast moving environment, enjoying high visibility and the opportunity to excel. In [illegible] culture which rewards performance, your prospects for pay and promotion will be outstanding.

If you relish the challenge of [illegible] truly European career, write to our advising consultant Janet Bullock, quoting the [illegible] reference number, at BBM Selection, 76 Watling Street, London EC4M 9BJ. Please enclose a full curriculum [illegible] which [illegible] telephone [illegible]. Janet may be [illegible] by telephone on [illegible] 3653. All applications will be handled [illegible] the strictest confidence.

Salomon Brothers

FINANCE DIRECTOR

WEST END **c£35,000 + BENEFITS**

Our client is a well established design company in the property [illegible] seeking [illegible] complete [illegible] management [illegible] it pursues significant expansion of market share.

Reporting [illegible] Group Board, initially you will [illegible] Finance Director designate [illegible] the [illegible] operating company. You [illegible] overall responsibility for the group financial, administrative and company secretarial functions.

This will appeal [illegible] a graduate qualified [illegible] with a minimum of 3 years post qualification experience [illegible] excellent communication and management skills.

Please send full personal and [illegible] details to Box A2133, Financial Times, One Southwark Bridge, [illegible] 9HL

GROUP ACCOUNTANT IN HUNGARY

To [illegible] charge [illegible] financial control [illegible] Hungarian Group of Companies. Preference for chartered accountant aged between [illegible] & 40. Advantage if speaks Hungarian. Will be based in Budapest. Flat and car provided. Very attractive remuneration.

Please send CV [illegible]
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Write to: Box A2131, Financial Times, One Southwark Bridge, London SE1 9HL

Senior Internal Audit Positions

Kuwait — **Attractive Package**

▪ Our client is a leading commercial bank in Kuwait engaged in domestic branch banking activities, besides specialising in project/trade finance to multinational corporations. They also actively participate in international lending/investments and private banking, and are active in international treasury operations.

▪ The bank is in the process of improving the efficiency of its operating systems and upgrading its computer systems. As a part of this process, our client wishes to recruit two high calibre and dynamic professionals for the internal audit department.

Chief Internal Auditor [redacted]

▪ The Chief Internal Auditor will report to the Chairman and Managing Director and, as the head of the function, will be responsible to lead a team of audit managers and supervisors [redacted] carrying out regular financial, operating, security and computer [redacted] special purpose assignments [redacted] management and efficiency audits.

The ideal candidate for this challenging position will meet the following criteria:
- CA, CPA or equivalent qualification with about ten years of internal auditing experience in a bank or financial services institution
- [redacted] least four years of experience as the head of an internal audit function
- experience of developing and implementing programmes for computer audits
- ability to speak and/or write Arabic, though not a necessary qualification, will be an advantage.

EDP Audit Manager (Ref: EAM/369/2)

▪ The EDP Audit Manager will report to the Chief Internal Auditor and will be responsible for planning, managing [redacted] implementing the EDP audits in the bank. The EDP audit activity encompasses system development, programme maintenance, applications, data processing, security and other automated technology. He will also be expected to provide high quality technical support for implementing computerised audit techniques in the internal audit department, which include operations and financial audit.

The ideal candidate for this position will meet the following criteria:
- a CA, CPA, CIA, CBA or CISA
- ten years of experience in EDP auditing, with at least five years with a commercial bank or a financial services company
- experience, both hands-on and at a supervisory level, of system analysis and design and computer programming
- exposure to NCR (VRX and VRX/E operating systems) and IBM environments is essential

▪ Both positions call for a strong personality, excellent leadership and a good command over oral and written communication skills. The Bank offers family status with an attractive remuneration package, commensurate with background and experience, which includes salary, housing, performance linked bonus, annual leave with return airfare and end-of-service benefits.

▪ Interested candidates should submit their detailed CVs, along with two passport size photographs and photocopy of passport, within **three weeks** to: Varun Dev Sharma, Director — Recruitment and Human Resources, Ernst [redacted] Young, P.O. Box 74, Safat 13001, Kuwait, marking the appropriate reference number on the envelopes. **Only shortlisted candidates will be contacted.**

ERNST & YOUNG

Group Financial Accountant

Merrill Lynch

Excellent Package + Banking Benefits — **Location: City**

Merrill Lynch is [redacted] of the world's largest [redacted] worldwide [redacted] houses. With total net revenues of over $10 billion and net earnings of $1.3 billion [redacted] 1993, it [redacted] to [redacted] growth and investment in the future.

An opportunity [redacted] arisen within the European Finance Function for a high [redacted] individual [redacted] head up the financial accounting [redacted] Reporting [redacted] the Controller [redacted] Reporting – Europe, your responsibilities will include:

- Overseeing [redacted] production [redacted] for [redacted] Capital Markets division in Europe.
- Extensive [redacted] Office and European [redacted] all financial accounting issues.
- Provision of expert advice [redacted] accounting policies [redacted] procedures.
- [redacted] hoc projects.
- Management of a high [redacted] team.

The successful candidate will be an ACA with a minimum of four [redacted] PQE, preferably within a financial services group. You will [redacted] a strong financial accounting background [redacted] have had extensive capital markets, [redacted] and US GAAP exposure. Candidates will demonstrate the [redacted] management and interpersonal skills, flexibility and performance [redacted] required for a position [redacted] this seniority.

This [redacted] outstanding opportunity [redacted] join a highly prestigious organisation with excellent potential for [redacted] progression based on individual merit.

If you believe you have the required skills and drive, then please send your CV to the advising consultant, Jonathan Kidd, at Harvey [redacted] Plc, Dragon Court, [redacted] Macklin Street, London WC2B 5LX. (Tel: 071-333 0033). Please quote reference number HNF112.

HARVEY NASH PLC

The senior financial position in a changing £120 million business

Financial Controller

c£40,000 & benefits · Sevenoaks

The [redacted] Agency [redacted] an [redacted] the Ministry of Defence. Our mission is to the prime provider of technical advice to the MoD. We also provide [redacted] and to private industry. [redacted] leadership of a Chief Executive recruited from industry, we are undertaking a dramatic programme of change to [redacted] a progressive, professional [redacted] commercially-run organisation, whilst preserving our traditional scientific excellence, objectivity and international standing.

[redacted] part [redacted] continuing process [redacted] are looking to appoint a high calibre, commercially focused Accountant to the role of Financial Controller within a business sector with a turnover in excess of £120 million.

Managing a small team and reporting to the Director, you will [redacted] responsible [redacted] management, reporting and control, and will strongly influence [redacted] a [redacted] culture. In the climate of change you will be pivotal to the development of the [redacted] so your financial skills must be complemented by an ability to achieve a tactful but persuasive approach to a top-flight team of scientists.

A qualified Accountant of graduate calibre with at least five years' post qualification experience in a commercial environment, your record of achievement will [redacted] your energy, your [redacted] and, above all, your readiness for a new challenge. This is a three year contract, extendible to five years.

We [redacted] a comprehensive [redacted] including a non-contributory pension scheme, performance related pay, relocation assistance and up to six weeks' annual holiday plus Bank holidays. There is excellent scope for training and opportunities for promotion.

Please [redacted] your CV together with a letter explaining how your skills and experience would suit you to this role, quoting [redacted] DRA/PERS/11/94. Senior Staff Personnel, Room 114, Q101 Building, Defence Research Agency, Farnborough, Hampshire [redacted] 6TD. Closing date for receipt of applications 24th August [redacted]

Defence Research Agency

WE ARE AN EQUAL [redacted] EMPLOYER

International Food Products

Business Controller Europe

Circa £60K Negotiable — Home Counties

Our client's international operations focus on branded processed foods and food ingredients. The European region involves several subsidiaries and joint-ventures. Sales turnover is around £400 million, with significant growth potential. [redacted] to the regional CEO, the Business Controller coordinates all financial management and is also active across a broad range of commercial and strategic issues.

THE APPOINTMENT
- [redacted] leadership of financial management in [redacted] region.
- Analysis and appraisal of [redacted] performance, active monitoring of [redacted]
- Evaluation and implementation of investment projects, acquisitions [redacted] joint-ventures.
- Responsibility [redacted] regional reporting [redacted] consolidation of financial data.
- Treasury management, tax and statutory reporting compliance.
- [redacted] and financial projects working with the CEO and [redacted] management.

THE REQUIREMENTS
- Commercial degree or accountancy qualification; probable [redacted] 40.
- Functional experience in [redacted] business/strategic planning.
- Meaningful exposure [redacted] activities; second [redacted] language advantageous.
- Career background in consumer products preferred but not essential.
- Commercial [redacted] financial understanding, business [redacted]
- Effective communication skills, strong [redacted] flexible personality.

[redacted] write with full CV and salary details, quoting [redacted] Boothby.

K/F Associates, Regent [redacted] House, 252 [redacted] Street, London W1R 5DA.

K/F ASSOCIATES
Selection & Search

Finance Director

EAST MIDLANDS — C£45K - CAR - BENEFITS - RELOCATION

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The Finance Director reports to the Chief Executive and will be responsible for the structuring of the Company's complete financial reporting system and the provision of relevant and timely, financial information to the Board. The person appointed will also play a pro-active and strategic role as a member of the Board, to advise and assist in the resolution of key issues.

Candidates should hold an appropriate professional qualification and have experience at a senior level of computerised management accounting, ideally within an Engineering and Project Management orientated organisation. A natural disposition towards team-working and strategic thinking, a strong intellect and commercial focus are also essential.

The package includes contributory pension scheme, healthcare and an opportunity for equity participation.

If you feel that this exciting opportunity could meet your career aspirations telephone John Mason, 0332 - 371773 for a confidential discussion or forward your CV in complete confidence quoting reference 010425 to:

Scott Jardine Associates,
Executive & Technical Search & Selection,
116 Green Lane, Derby DE1 1RY.

SCOTT-JARDINE
ASSOCIATES-LTD

MANAGEMENT ACCOUNTANTS

New opportunities within planning and analysis

LONDON — c.£32,000 + CAR

Our client [redacted] European [redacted] of a global media conglomerate [redacted] diverse interests and a portfolio [redacted] publications and companies which are [redacted] names.

As part of a major decentralisation programme, a need has [redacted] for two high calibre finance professionals to perform a key role in [redacted] of the operational business units. The continuously changing [redacted] facing [redacted] organisation [redacted] that duties [redacted] both varied and widespread. Individuals will [redacted] experience of producing and analysing budgets [redacted] be able to demonstrate high level analytical skills.

The ability to [redacted] the implications of operational [redacted] arising within a complex [redacted] and to quantify these in a meaningful and effective manner is a pre-requisite.

Successful candidates will be graduate qualified accountants, aged up to 30, with a minimum [redacted] months commercial post qualification experience.

To succeed in this highly demanding environment, you will have above average intellectual skills coupled with self-motivation, resilience and drive. It is also critical that you are [redacted] to win the respect [redacted] senior operational management.

These are outstanding opportunities for ambitious [redacted] talented individuals [redacted] join a dynamic organisation, offering a comprehensive remuneration package and exciting career prospects.

Interested applicants [redacted] write, enclosing a [redacted] CV, to **Simon Moser** at **Robert [redacted] Associates,** 25 Bedford Street, London WC2E 9HP. Fax: 071-915 8714.

ROBERT WALTERS ASSOCIATES

Senior Project Accountant

Moscow — **Excellent Salary & Overseas Allowances**

[redacted] is [redacted] of [redacted] successful [redacted] joint [redacted] Formed in 1989 it provides a comprehensive range of telecommunications products and services including [redacted] local and international telephony. Turnover has already grown rapidly and [redacted] additional [redacted] state-of-the-art technology, the company [redacted] poised [redacted] further substantial growth.

Working closely with the Financial Director, [redacted] candidate will be responsible for ensuring that comprehensive financial controls [redacted] established and complied with. Responsibilities also include business planning, [redacted] analysis and [redacted] preparation [redacted] regular and ad hoc financial reports. In addition you will use your IT experience [redacted] introduce improvements to the existing accounting [redacted]

Candidates will [redacted] professionally qualified and Russian speaking with ideally experience in both UK and Russian business and accounting standards, practices and requirements. This high visibility role represents [redacted] exceptional career opportunity and carries a full benefits [redacted] including [redacted] salary with overseas premiums, medical insurance, pension, bonus, free accommodation and [redacted] flights.

To apply please [redacted] **Stephen Heap** quoting ref. [redacted] 061-980 [redacted] or send full [redacted] details [redacted] **BTA Recruitment Management, Hollins House, Hale Road, Hale Barns, Altrincham, Cheshire WA15 8SN.** [redacted] 0879. Candidates may alternatively call [redacted] hours on [redacted] 841856.

BTA RECRUITMENT MANAGEMENT

FINANCIAL DIRECTOR DESIGNATE

South East — **c £35K + Expensed Car**

Our Client, part of a large international group, has achieved an enviable reputation for designing and manufacturing state of the art products to organisations throughout the United Kingdom and into Europe. Customers include many well known blue chip companies.

A qualified Accountant, is sought to ensure the effective management and control of the Company's finances. Key responsibilities will include the preparation, monitoring and control of budgets, tight operational controls, effective use of a fully integrated management information system and preparation of management [redacted] statutory accounts.

An assertive, intuitive and hands-on approach is essential, together with strong commercial acumen.

Promotion to Financial Director will be subject to exemplary performance.

Please send your current CV, salary details, an account of how you consider you meet the needs of the position and quote reference number 829 to:

Professional Personnel Consultants Limited
Godwin House, George Street, Huntingdon, Cambs. PE18 6BU. Tel: (0480) 411111.

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COMMODITIES AND AGRICULTURE

Wheat futures up after US report

By Laurie Morse in Chicago

Wheat prices rallied yesterday at the [redacted] Board of Trade as traders responded to US government forecasts of smaller world wheat production and improved near-term export prospects for US wheat. Wheat futures for December delivery were up [redacted] cents a bushel in midday trading.

In its monthly [redacted] report, the US Department [redacted] Agriculture [redacted] world wheat output estimate to 541.95m tonnes, from an earlier [redacted] of 546.1m. The [redacted] also trimmed its estimate [redacted] production, largely on deteriorating prospects for the US spring [redacted] crop. The USDA cut [redacted] spring [redacted] production estimate to 564m bushels, from last month's [redacted] of 605m.

US Durum wheat production will jump [redacted] bushels, up nearly 40 per [redacted] from [redacted] year, reducing the [redacted] imports and taking the pressure off a trade dispute between the US and Canada.

Traders said US [redacted] export prospects were also improving, with Pakistan and Egypt making purchase inquiries for wheat this [redacted].

As expected, the USDA forecast bin-busting [redacted] for US [redacted] and soyabeans, in [redacted] remarkable recovery from last year's disastrous [redacted].

Given favourable weather [redacted] US [redacted] should harvest a near-record 9.2bn bushels of maize this fall, and [redacted] record 2.3bn bushels of [redacted] beans, the government said.

The estimates, the [redacted] season for the USDA, fell near traders' expectations. The [redacted] also [redacted] its export and feed use figures for soyabeans, causing futures prices to move higher.

MARKET REPORT

Aluminium breaks its resistance level

There was [redacted] late-afternoon spike in **ALUMINIUM** and **COPPER** prices [redacted] the London Metal Exchange yesterday. Three-month aluminium broke through a technical [redacted] level [redacted] $1,485 to close [redacted] $1,485.25, up $14.50 [redacted] from Wednesday's close.

Dealers [redacted] was supported by positive technical [redacted] improving fundamentals, and they [redacted] looking for an LME [redacted] today [redacted] upward momentum. "Prices may now have the strength [redacted] above $1,500," one [redacted] said.

Copper also moved higher [redacted] remained in [redacted] $2,400-$2,430-a-tonne range. [redacted] copper [redacted] higher [redacted] this [redacted] today, though they were wary [redacted] LME may report another [redacted] today. Copper [redacted] $2,417.50, [redacted] $7.

NICKEL staged [redacted] rally in choppy trading, though [redacted] selling [redacted] tonne.

COFFEE prices slipped by $83 [redacted] tonne to see the November futures [redacted] on the London Commodity Exchange [redacted] tonne. The [redacted] bounced off the day's [redacted] roasting companies [redacted] buy stocks, but trading [redacted] thin and jittery [redacted] of [redacted] report [redacted] US Department of Agriculture today assessing [redacted] in [redacted] crop.

The [redacted] 10 per [redacted] this [redacted] as [redacted] more [redacted] in Brazil have receded.

Chinese tin exports rattle a fragile market

Kenneth Gooding writes on the challenges facing the metal's producers

The possibility that Britain's [redacted] operating tin mine – [redacted] Crofty, near Redruth – might close down raised emotions in Cornwall but it [redacted] not [redacted] ripple of [redacted] elsewhere in an industry deci[redacted] the past 10 [redacted] by mine [redacted].

[redacted] in the industry are [redacted] by one question: when will the [redacted] ment gain tighter [redacted] over its recalcitrant [redacted] miners [redacted] stop them pouring exports into [redacted] exports, they claim, [redacted] destabilising [redacted] market and preventing tin [redacted] ducers from benefiting from the improvement in world eco[redacted] activity.

"We expected the tin price to reach about $6,000 [redacted] tonne by now," [redacted] Mr [redacted], tin specialist [redacted] the CRU Inter[redacted] consultancy group. "But [redacted] it [redacted] struggling along at $5,000 to $5,100."

The tin [redacted] in turmoil since the sudden collapse in 1985 of a price support scheme operated by the producers' International Tin Council, which was backed by [redacted] governments. The huge [redacted] by [redacted] ITC – [redacted] – [redacted] malign [redacted] prices [redacted].

Tin had already been struggling in the early [redacted] of its [redacted] – [redacted] beverage cans – was being won away by aluminium producers.

[redacted] trend [redacted] in [redacted] America, [redacted] aluminium's share of the beverage can mar[redacted] has risen from [redacted] per [redacted] in [redacted] to 93 [redacted] cent, [redacted] it [redacted] growing [redacted] in other [redacted] too. [redacted] thinner coatings of tin are being used [redacted] tin-plated [redacted] cans.

[redacted] other [redacted] particularly buoyant. [redacted] in solders, now [redacted] principal application, increased throughout [redacted] as did its use in chemicals. But in [redacted] tin consumption was 30 per [redacted] peak 20 [redacted] previously.

In an [redacted] the former ITC stocks, a group of producers formed the Asso[redacted] Tin Producing [redacted] tries – its aim to voluntarily restrict exports. [redacted] well. [redacted] pected and unrestrained exports [redacted] – not [redacted] member of the ATPC – caused [redacted] in [redacted] early [redacted].

Then China, now the world's biggest producer, continued to pump large quantities [redacted] the [redacted] export markets. The collapse [redacted] Soviet Union, once [redacted] consumer of tin, added to the producers' [redacted].

Today the ATPC faces its greatest challenge because after much per[redacted] joined [redacted] April [redacted], [redacted] it [redacted] exceeding [redacted] export quota.

China agreed to limit its tin exports [redacted] to 20,000 [redacted]. The official China Daily reported at the beginning of this month that in the first [redacted] alone [redacted] country exported 24,700 [redacted], a 33 per [redacted] on [redacted] "The [redacted] a [redacted] and should be disbanded," said one analyst, reflecting a widely-held view in [redacted] industry.

The China Daily also reported that the Chinese gov[redacted] tighten up [redacted] tin exports in the second half of [redacted] year. [redacted] did not, how[redacted] how.

"Do [redacted] really [redacted] control over shipments?" [redacted] Mr Andy Shaw, [redacted] spe[redacted] Minerals [redacted] consultancy group. "China [redacted] ATPC recom[redacted] on exports in previous [redacted] even [redacted] it [redacted] member, but [redacted] hasn't."

Mr Shaw suggests that, if it had not [redacted] exports of refined tin during the past few years, "the stocks overhang [redacted] was left as a legacy of the collapse of the [redacted] Tin [redacted] more or [redacted] drawn down by now".

CRU's [redacted] expects [redacted] exports [redacted] slow in the second half of this year [redacted] probably exceed [redacted] 33,000 [redacted] exported [redacted] year. China also ships out tin in [redacted] (an [redacted] ate material) and, when this is [redacted] into account, [redacted] export total [redacted].

"[redacted] tin producers [redacted] being [redacted] metal [redacted] Metal Exchange warehouse," [redacted] says. [redacted] stocks, which [redacted] the end of [redacted] year, [redacted] 30,000 [redacted].

And, [redacted] forecasting [redacted] demand for tin would outpace supply this year, [redacted] now seems there will be [redacted] supply surplus.

Consumption is forecast to rise by just over 1 per [redacted] from 168,000 tonnes last year to [redacted] and, [redacted] production [redacted] expec[redacted] to shrink from 141,000 [redacted] tonnes, [redacted] would [redacted] be enough [redacted] Chinese exports to be easily [redacted]. The [redacted] has [redacted] cope [redacted] steady selling from the US strategic [redacted] which disposed of 6,900 tonnes [redacted].

Nevertheless, analysts [redacted] relatively [redacted] longer-term prospects.

The International Tin Research [redacted] recently suggested [redacted] could [redacted] by 20 per [redacted] within [redacted] years with [redacted] number of new applications [redacted] the [redacted] soon.

These [redacted] tin-zinc alloy for plating [redacted] components; inorganic tin compounds for fire-retardant packaging; lead-free tin alloy for gunshot; antimony-tin solders with [redacted] higher tin [redacted] than present [redacted] tin solders; and tin bottle capsules, [redacted] instead of lead.

On top [redacted] British Steel [redacted] announced [redacted] "Ultimate Can" [redacted] beverages is ready for [redacted] production. This can, developed with [redacted] European tinplate producers, [redacted] said to be 30 per cent cheaper [redacted] aluminium equivalent.

Mr Angus MacMillan, research manager at Billiton-[redacted] Metals, part [redacted] the Royal Dutch/Shell [redacted]: "We [redacted] cautiously optimistic [redacted] prospects [redacted] tin demand over the next decade.

"The decline in consumption in tinplate [redacted] run its [redacted] even before [redacted] consider [redacted] implications [redacted] Ultimate Can. But, if producers are [redacted] enjoy the benefits [redacted] higher demand, when it eventually arrives, they must [redacted] reduce stocks."

The UK's South Crofty tin mine may be saved, but there are concerns about the industry's future

Saviours of Cornwall mine due to be named

By Kenneth Gooding, Mining Correspondent

Mr David Williamson, whose consultancy organisation [redacted] instrumental in completing the funding to ensure the survival of the UK's last operating tin mine, was uncharacteristically reluctant [redacted] talk yesterday.

He hopes, however, that the indentity of the large investor [redacted] investors [redacted] had enough faith in tin's future to come to the rescue of South Crofty [redacted], near Redruth in Corn[redacted], will be revealed today [redacted] on Monday. "Until everything is absolutely in [redacted] it [redacted] better I say nothing," he said.

South Crofty needed to raise [redacted] least £1m [redacted] by August 4 under the terms of a package agreed with the UK government. The deadline wa[redacted] met and, once the legal formalities are completed, the [redacted]ernment and the RTZ Corporation between them will waive loans totalled £31m. This will leave South Crofty free of debt and with enough development capital [redacted] sustain it for up [redacted] three years.

In the latest International Mining Review from his David Williamson Associates, Mr Williamson, [redacted] Cornishman himself, gives an indication of the arguments he must have put forward to persuade the [redacted] to provide more [redacted] £500,000.

He says the collapse of tin prices [redacted] historically low l[redacted]els makes South Crofty marginally unprofitable. "But should [redacted] tin price [redacted] from current levels [redacted] around $2.50 a lb [$5,510 a tonne] to $3 [$6,612], the mine would [redacted] extremely profitable with [redacted] present value of close to £10m at an 8 per [redacted] discount rate."

He points out it would be too expensive [redacted] South Crofty if [redacted] were [redacted]. "[redacted] a mine [redacted] running [redacted] always hope," he says.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1457.5-8.5	[redacted]
Previous	1443.5-4	1470.5-1
High/low		[redacted]
AM Official	1442-3	1470-0.5
Kerb close		1493-4
Open int.	260,556	
Total daily turnover	40,246	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1565-75	1560-5
Previous	1530-5	1520-5
High/low		1565/1535
AM Official	1545-55	1540-50
Kerb close		1565-60
Open int.	2,833	
Total daily turnover	1,088	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	558.5-9.5	577-8
Previous	555.5-6.5	574-4.5
High/low		581/570
AM Official	556-6.5	575.5-6
Kerb close		579-80
Open int.	41,139	
[redacted]	6,317	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	[redacted]	5855-65
Previous	5725-35	5815-6
High/low	5750	5890/5830
[redacted]	5749-50	[redacted]
Kerb close		5865-60
Open int.	56,893	
Total daily turnover	10,172	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5180-5	5255-60
Previous	5105-15	5185-90
High/low	5120	5260/5195
AM Official	5115-20	5200-5
Kerb close		5275-80
Open int.	18,093	
Total daily turnover	[redacted]	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	944-5	[redacted]
Previous	931-2	954-5
High/low		970/959
AM Official	935-6	960.5-1
Kerb close		[redacted]
Open int.	106,057	
Total [redacted]	18,727	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2413.5-4.5	2417-8
Previous	2402.5-3.5	2410-1
High/low	2404/2403.5	2425/2408
AM Official	2403.5-4	2409-10
[redacted]		2421-2
Open int.	224,217	
Total daily turnover	[redacted]	

■ LME AM [redacted] £/$ rate: [redacted]
LME Closing £/$ rate: -
[redacted] 1.5395 3 mths: 1.5372 6 mths: 1.5351 [redacted]

■ HIGH GRADE COPPER (COMEX)

	Close	Day's [redacted]	High	low	Open int	[redacted]
Aug	[redacted]	+1.05	109.75	108.75	[redacted]	190
Sep	[redacted]	[redacted]	[redacted]	109.20	23,718	[redacted]
[redacted]	109.80	+0.70	110.00	[redacted]	[redacted]	1
[redacted]	[redacted]	[redacted]	-	-	801	42
Dec	110.05	[redacted]	[redacted]	108.65	[redacted]	[redacted]
Jan	109.85	+0.60	-	-	325	22
Total					46,269	[redacted]112

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

[redacted] (Troy oz.)	$ [redacted]	£ equiv.
[redacted]	[redacted]	
Opening	377.20-377.60	
Morning fix	378.70	245.089
Afternoon fix	377.60	246.347
Day's High	379.00-379.40	
Day's Low	[redacted]	
Previous close	[redacted]	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.97	6 months	4.48
2 months	4.07	12 months	4.89
3 months	4.17		

Silver Fix	p/troy oz.	US cts equiv.
Spot	332.60	511.50
3 months	336.85	517.20
6 months	341.55	523.65
1 year	353.25	539.00

Gold Coins	$ price	£ equiv.
Krugerrand	382-385	249-252
Maple Leaf	387.95-390.40	-
New Sovereign	88-91	57-60

Precious [redacted] continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
[redacted]	378.7	+1.5	[redacted]	[redacted]	3,521	3,326
[redacted]	379.5	+1.4	378.0	378.0	-	-
[redacted]	[redacted]	+1.4	[redacted]	[redacted]	10,217	701
Dec	384.0	+1.4	[redacted]	381.4	[redacted]	13,173
Feb	[redacted]	+1.4	386.0	386.0	11,464	[redacted]
Apr	[redacted]	+1.5	-	-	6,341	42
Total					157,349	18,167

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
[redacted]	416.7	+1.6	[redacted]	[redacted]	[redacted]	[redacted]
Jan	418.8	+1.7	[redacted]	[redacted]	[redacted]	178
Apr	422.2	+1.7	[redacted]	[redacted]	1,885	20
Jul	[redacted]	+1.7	-	-	401	-
[redacted]	427.7	+1.7	-	-	103	-
Total					24,264	2,827

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Sep	155.05	+0.95	155.25	153.00	4,392	473
Dec	[redacted]	[redacted]	155.25	153.00	[redacted]	[redacted]
Mar	154.50	[redacted]	154.25	[redacted]	[redacted]	-
Total					[redacted]	843

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Aug	516.4	+5.8	-	-	-	-
[redacted]	520.3	[redacted]	[redacted]	510.0	72,034	[redacted]
Dec	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1,118
Jan	529.7	+5.9	-	-	34	-
Mar	535.1	+5.9	536.0	526.0	6,809	8
May	540.4	+5.5	538.0	538.0	3,636	6
Total					[redacted]	[redacted]

ENERGY

■ CRUDE OIL NYMEX ([redacted] $/barrel)

	[redacted]	[redacted]	High	[redacted]	Open [redacted]	[redacted]
Sep	[redacted]	-	[redacted]	18.87	72,273	[redacted]
Oct	[redacted]	[redacted]	[redacted]	18.78	69,130	43,301
Nov	[redacted]	[redacted]	[redacted]	18.65	[redacted]	[redacted]
Dec	18.66	-	18.65	[redacted]	[redacted]	[redacted]
Jan	18.50	-	[redacted]	18.45	24,885	[redacted]
Feb	18.40	-	[redacted]	[redacted]	15,671	1,496
Total					401,022	146,423

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's [redacted]	High	Low	Open int	Vol
Sep	17.70	+0.03	17.82	17.60	[redacted]	26,700
Oct	17.53	-0.02	17.67	17.50	[redacted]	21,872
Nov	17.42	-0.06	17.55	17.41	[redacted]	4,496
[redacted]	17.34	-0.04	[redacted]	17.33	17,794	[redacted]
Jan	17.22	-0.06	[redacted]	17.22	7,314	[redacted]
Feb	17.20	-0.01	17.29	17.20	4,513	156
Total					175,850	55,990

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	[redacted] price	change	High	Low	[redacted] int	Vol
[redacted]	50.40	+0.26	[redacted]	[redacted]	31,317	[redacted]
[redacted]	51.35	[redacted]	[redacted]	50.85	20,357	[redacted]
[redacted]	52.35	+0.20	[redacted]	52.05	13,262	[redacted]
Dec	53.35	+0.20	[redacted]	53.00	29,618	5,832
Jan	54.00	+0.20	[redacted]	53.70	16,714	1,697
Feb	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total					141,143	[redacted]

■ GAS OIL IPE ($/tonne)

	[redacted] price	Day's [redacted]	[redacted]	[redacted]	Open [redacted]	[redacted]
Sep	155.25	-1.00	[redacted]	[redacted]	[redacted]	5,641
Oct	[redacted]	[redacted]	[redacted]	[redacted]	27,194	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	161.25	[redacted]	290
[redacted]	163.00	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Jan	164.75	-0.50	[redacted]	[redacted]	14,914	[redacted]
Feb	164.50	-0.25	165.00	164.75	[redacted]	721
Total					107,793	13,925

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Open int	Vol
Sep	1.698	[redacted]	[redacted]	[redacted]	[redacted]	13,795
Oct	1.825	[redacted]	[redacted]	[redacted]	[redacted]	6,221
Nov	[redacted]	[redacted]	[redacted]	[redacted]	11,723	2,580
Dec	[redacted]	[redacted]	2.200	[redacted]	[redacted]	2,556
Jan	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Feb	[redacted]	-0.016	2.145	[redacted]	[redacted]	1,957
Total					[redacted]	[redacted]

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's [redacted]	[redacted]	Low	Open [redacted]	[redacted]
Sep	58.05	-0.24	58.40	[redacted]	[redacted]	[redacted]
[redacted]	55.00	-0.03	55.20	54.60	20,078	7,487
[redacted]	52.65	-0.05	52.85	52.40	12,370	1,537
Dec	57.90	-0.01	[redacted]	57.60	7,119	[redacted]
Jan	56.00	-	-	-	2,665	331
Feb	[redacted]	-	-	-	1,980	28
Total					83,739	25,957

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
[redacted]	[redacted]	-0.60	[redacted]	105.35	361	45
[redacted]	108.05	-0.40	108.15	105.75	2,265	128
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1,726	179
Mar	109.60	[redacted]	109.60	[redacted]	784	71
May	111.50	-0.15	111.50	111.25	982	[redacted]
Jul	113.50	-	113.60	113.50	146	10
Total					6,160	454

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

[redacted]	[redacted]	[redacted]	[redacted]	333/2	14,267	2,013
Dec	[redacted]	+3/0	[redacted]	347/6	35,532	[redacted]
Mar	357/4	+2/6	360/0	354/6	8,759	846
May	362/0	+2/2	364/0	349/6	841	51
Jul	335/2	+2/2	336/6	332/0	1,239	[redacted]
Dec	346/2	+5/2	-	-	2	-
Total					[redacted]	[redacted]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[redacted]	219/0	-0/2	[redacted]	218/2	35,363	[redacted]
Dec	[redacted]	[redacted]	224/6	[redacted]	[redacted]	[redacted]
Mar	232/6	+0/2	233/6	231/2	25,655	[redacted]
May	239/0	[redacted]	240/2	238/0	10,953	[redacted]
Jul	243/4	+0/2	244/4	242/2	8,465	592
[redacted]	244/6	+0/2	245/4	244/2	663	5
[redacted]					218,227	22,681

■ BARLEY LCE (£ per tonne)

Sep	104.50	[redacted]	[redacted]	104.00	142	6
[redacted]	105.90	+0.65	105.50	105.00	[redacted]	17
[redacted]	105.40	-	105.25	105.00	[redacted]	[redacted]
Mar	[redacted]	-	-	-	27	-
May	[redacted]	-	-	-	[redacted]	-
Total					698	62

■ SOYABEANS CBT ([redacted] cents/60lb bushel)

[redacted]	585/2	+2/2	580/6	579/0	5,889	1,176
[redacted]	571/4	+2/4	576/6	565/0	14,635	2,787
[redacted]	[redacted]	[redacted]	[redacted]	558/0	73,882	12,026
[redacted]	[redacted]	[redacted]	[redacted]	566/4	[redacted]	[redacted]
Mar	[redacted]	[redacted]	[redacted]	579/6	[redacted]	[redacted]
May	588/2	+0/2	592/4	584/0	[redacted]	216
Total					122,050	18,776

■ [redacted] OIL CBT ([redacted] cents/lb)

Aug	24.52	+0.30	24.65	23.94	3,287	1,145
Sep	24.44	+0.31	24.61	23.80	20,036	4,069
Oct	[redacted]	[redacted]	24.51	23.75	[redacted]	[redacted]
Dec	24.18	+0.29	[redacted]	[redacted]	33,459	6,029
Jan	24.20	+0.31	[redacted]	[redacted]	4,535	411
Mar	[redacted]	+0.29	24.30	23.70	4,942	[redacted]
Total					[redacted]	[redacted]

■ [redacted] MEAL CBT (100 tons; $/ton)

Aug	172.9	-0.7	174.9	172.6	4,733	2,607
Sep	171.9	-0.3	172.9	171.7	19,173	3,063
Oct	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1,421
[redacted]	171.5	[redacted]	[redacted]	171.3	31,798	[redacted]
Jan	172.2	-0.8	173.8	172.0	4,700	186
Mar	173.9	-1.1	175.5	173.8	5,418	285
Total					[redacted]	[redacted]

■ [redacted] LCE ([redacted])

[redacted]	[redacted]	-	-	-	-	-
Mar	195.0	-	-	-	-	-
[redacted]	[redacted]	[redacted]	200.0	199.0	[redacted]	184
[redacted]	[redacted]	-	-	-	-	-
Jan	197.5	-	-	-	-	-
Total					1,188	184

■ FREIGHT (BIFFEX) LCE ([redacted] point)

Aug	1503	+3	1505	1500	641	29
[redacted]	[redacted]	-	1470	1464	538	88
Oct	[redacted]	-3	1465	1465	847	19
Jan	1478	-6	1485	1480	350	13
Apr	1503	+1	-	-	102	-
Jul	[redacted]	-11	-	-	[redacted]	-
Total					[redacted]	129

	Close	Prev
BFI	1489	1492

SOFTS

■ COCOA LCE (£/tonne)

	[redacted] price	Day's change	High	Low	Open int	Vol
[redacted]	1034	-	1037	1026	15,404	682
[redacted]	[redacted]	+1	1056	1047	29,006	884
Mar	1070	+1	[redacted]	[redacted]	[redacted]	[redacted]
May	1086	-1	[redacted]	[redacted]	10,478	120
Jul	1095	-	1096	[redacted]	[redacted]	[redacted]
Sep	1104	-	1107	[redacted]	8,461	331
Total					104,881	[redacted]

■ COCOA CSCE (10 tonnes; [redacted])

Sep	1407	[redacted]	1414	1399	18,097	5,272
Dec	1459	+25	1463	1421	29,520	[redacted]
Mar	1490	+20	1493	[redacted]	[redacted]	[redacted]
May	1510	+20	1505	1505	3,147	[redacted]
Jul	1530	+20	[redacted]	1503	2,366	3
[redacted]	1550	+20	-	-	[redacted]	1
Total					[redacted]	[redacted]

■ COCOA (ICCO) (SDR's/tonne)

August 10	Price	Prev. day
[redacted]	1053.90	1030.66

■ COFFEE LCE ($/tonne)

[redacted]	3253	-81	3250	3155	13,363	-
Nov	3208	-75	3280	3110	10,146	2,842
Jan	3165	[redacted]	3170	[redacted]	[redacted]	981
Mar	3135	-103	3125	3070	4,034	260
May	3118	-102	3105	3080	1,042	16
Jul	3080	-120	-	-	20	-
Total					[redacted]	[redacted]

■ COFFEE 'C' CSCE ([redacted] cents/lbs)

[redacted]	184.65	+7.40	185.50	173.75	9,833	3,611
[redacted]	188.25	+6.55	188.75	177.75	16,336	4,854
Mar	190.80	+4.90	191.00	181.00	[redacted]	[redacted]
May	191.50	+4.90	[redacted]	[redacted]	1,860	387
Jul	192.50	+4.50	187.60	184.50	374	62
[redacted]	183.50	[redacted]	188.00	185.50	68	306
Total					34,370	11,042

■ [redacted] (ICO) (US cents/pound)

August 10	Price	Prev. day
Comp. daily	169.35	169.04
15 day average	165.39	166.90

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

Oct	12.08	-0.15	-	-	1,801	-
Jan	11.82	-	-	-	-	-
Mar	11.85	-0.10	-	-	60	-
Total					1,861	-

■ WHITE [redacted] LCE ($/tonne)

Oct	317.50	-0.20	319.50	317.30	[redacted]	[redacted]
Dec	314.70	[redacted]	315.80	[redacted]	1,268	88
Mar	315.30	[redacted]	316.00	[redacted]	4,687	270
[redacted]	315.00	+0.80	-	-	426	-
Aug	316.30	[redacted]	-	-	301	-
Oct	302.50	+0.80	-	-	185	-
Total					17,686	1,082

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Oct	11.82	-0.09	12.05	11.78	61,211	4,379
Mar	11.80	-0.08	11.93	11.78	[redacted]	[redacted]
May	11.76	[redacted]	11.88	11.75	[redacted]	352
Jul	11.65	-0.05	[redacted]	11.59	[redacted]	283
Oct	11.59	-0.03	11.53	11.45	[redacted]	216
Mar	11.22	-0.03	-	-	209	-
Total					112,483	7,446

■ COTTON NYCE (50,000lbs; cents/lbs)

[redacted]	[redacted]	-	-	-	-	-
Oct	71.27	+0.12	71.55	71.25	[redacted]	[redacted]
Dec	70.55	+0.33	71.05	70.30	26,676	[redacted]
Mar	[redacted]	[redacted]	72.30	71.70	[redacted]	[redacted]
May	72.60	+0.10	73.00	72.53	[redacted]	[redacted]
Jul	73.20	[redacted]	73.55	73.20	[redacted]	74
[redacted]					[redacted]	[redacted]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[redacted]	[redacted]	[redacted]	94.35	92.60	[redacted]	[redacted]
Nov	[redacted]	-0.90	97.65	[redacted]	[redacted]	781
Jan	99.65	-0.70	101.30	99.80	3,985	[redacted]
Mar	103.50	-0.80	104.50	[redacted]	[redacted]	183
[redacted]	107.00	[redacted]	108.00	108.00	[redacted]	1
Jul	109.00	-0.80	109.50	108.90	232	2
Total					21,[redacted]	3,[redacted]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	[redacted] price	Day's change	High	Low	Open int	Vol
Aug	70.375	-0.275	70.850	70.250	8,455	2,748
[redacted]	73.125	-0.085	73.400	72.850	30,903	4,652
[redacted]	[redacted]	[redacted]	[redacted]	71.275	[redacted]	[redacted]
Feb	[redacted]	[redacted]	[redacted]	70.225	8,825	[redacted]
[redacted]	[redacted]	[redacted]	72.000	[redacted]	[redacted]	[redacted]
Jun	68.675	[redacted]	69.000	[redacted]	[redacted]	33
Total					76,582	9,649

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Aug	45.875	+0.300	[redacted]	[redacted]	1,976	[redacted]
Oct	41.450	[redacted]	[redacted]	41.350	[redacted]	[redacted]
Dec	41.525	-0.025	41.780	41.450	6,210	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	1,880	158
[redacted]	40.300	+0.025	40.450	40.200	1,230	92
Jun	45.080	-0.050	45.960	44.960	481	21
Total					[redacted]	[redacted]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Aug	32.800	-0.575	33.800	32.000	[redacted]	322
Feb	45.800	[redacted]	45.800	[redacted]	[redacted]	1,350
Mar	45.525	-1.250	46.200	45.050	[redacted]	164
[redacted]	46.550	-0.200	46.800	46.250	42	3
Jul	47.200	-1.200	47.290	47.000	75	9
Aug	46.550	-0.450	-	[redacted]	[redacted]	2
Total					[redacted]	[redacted]

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ [redacted] (99.7%) LME	[redacted]	[redacted]	[redacted]	Dec
1425	63	110	11	33
1450	46	[redacted]	19	33
1475	32	80	30	53
■ COPPER (Grade A) LME	[redacted]	Dec	[redacted]	[redacted]
2350	101	135	22	70
2400	69	[redacted]	[redacted]	93
2450	44	86	65	119
■ COFFEE LCE	[redacted]	[redacted]	[redacted]	Nov
3250	96	393	[redacted]	330
3300	77	[redacted]	124	362
3350	59	[redacted]	[redacted]	395
■ COCOA LCE	Sep	Dec	Sep	Dec
975	61	116	2	38
1000	40	108	6	[redacted]
1050	12	77	28	72
■ BRENT CRUDE IPE	[redacted]	[redacted]	[redacted]	[redacted]
1700	79	96	-	37
1750	31	-	3	56
1800	3	46	-	[redacted]

LONDON SPOT MARKETS

■ [redacted] FOB (per barrel/Sep)

Dubai	$16.26-6.37w	-0.055
Brent Blend (dated)	$17.35-7.40	+0.025
Brent Blend (Sep)	$17.63-7.65	+0.025
W.T.I. (1pm est)	$18.90-8.92w	-0.050

■ OIL PRODUCTS NWEprompt delivery CIF [redacted]

Premium [redacted]	$214-215	
Gas Oil	$156-157	
Heavy Fuel Oil	$85-87	-2.0
Naphtha	$164-166	-1.0
Jet fuel	$170-171	-1.5

Petroleum Argus estimates

■ OTHER

Gold (per [redacted] oz)♣	$377.20	[redacted]
Silver (per troy oz)♣	515.50c	
Platinum (per troy oz.)	[redacted]	-2.25
Palladium (per troy oz.)	$151.00	-1.00
Copper (US prod.)	113.0c	+1.0
Lead (US prod.)	37.75c	
Tin (Kuala Lumpur)	13.34m	+0.02
Tin (New York)	242.5c	+3.0
Cattle (live weight)†⊖	119.56p	+1.89*
Sheep (live weight)†♣⊖	91.94p	-3.04*
Pigs (live weight)⊖	74.35p	+7.21*
Lon. day sugar (raw)	$306.30	+2.00
Lon. day sugar (wte)	$344.50	+0.50
Tate & Lyle export	£312.0	+2.00
Barley (Eng. [redacted])	£108.0	
Maize (US No3 Yellow)	$142.5	
Wheat (US Dark North)	£160.0	
[redacted] (Sep)▼	87.0p	
[redacted] (Oct)▼	86.0p	
Rubber KL RSS No1 Aug	323.0m	+4.0
Coconut Oil (Phil)§	$620.0z	-15.0
Palm Oil (Malay.)§	$565.0w	-15.0
Copra (Phil)§	$397.0	
[redacted]	£174.0t	
Cotton Outlook 'A' Index	78.05c	-0.10
Wooltops (64s Super)	442p	+2

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. t Oct. z Aug/Sep. w [redacted]. ▼ London Physical. § CIF Rotterdam. ♣ Bullion market close. ⊖ Sheep (Live weight prices). * Change on week, [redacted] Prices [redacted] previous [redacted]

Wool
Prices strengthened again this week. Most increases were small but finer merinos rose more sharply in price, as did merino cardings. Both categories have been selling well from the Australian stockpile recently, and finer merino fleece supplies are expected to remain under pressure this season. Crossbred wool also met with good demand at auctions in [redacted] New Zealand this week, [redacted] actively. The current trade [redacted] could need supplies for urgent shipment and is tightly stocked. Strength in the Australian dollar has helped to push up calculations of imported wool costs. This does not apply to wool sold by the British Wool Marketing Board but prices have tended higher in this sector also, in anticipation of a dearer auction next week and with some business in support.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

[redacted] 11	[redacted] 10	month ago	year ago
[redacted]	2068.2	2132.4	1629.9

■ CRB Futures (Base: 4/8/66=100)

Aug 10	[redacted] 9	month ago	year ago
231.21	[redacted]	231.60	214.73

CROSSWORD

No.8,530 Set by GRIFFIN

ACROSS
1 Leave ICI heads to get shares (12)
10 Moose, in cooking, is noxious (7)
11 Can rake round groove (7)
12 Requires nurse to come back without journalist (5)
13 Except to prevent one getting cold it's brutal (8)
15 [redacted] with incense stopped outside! (10)
16 Very [redacted] coppers once in scraps (4)
18 Ready with rent last time (4)
[redacted] Said choose [redacted] and something pickled (10)
22 Stick out port, turning unpleasant (8)
[redacted] [redacted] information around four (5)
[redacted] He raises point with vicar (7)
[redacted] Withdraws soldiers' flags (7)
28 This bold Tory could [redacted] murderous (12)

DOWN
2 I look inside and find flavouring (7)
[redacted] A number of us, hot and both[redacted] (8)
[redacted] Gang suggests [redacted] famous junction (4)
5 Stability of royal person who is into coins (10)
6 Finger trapped by man with umbrella (5)
7 Roused the prison revolutionary (7)
[redacted] Loose nitre turned up non-stop (13)
9 A striking musician? (13)
14 Baffled last time gets more angry in bed (10)
[redacted] [redacted] born on [redacted] boat (8)
[redacted] Saying lead's required to hold dog (7)
21 Alwa[redacted] hired out a young animal [redacted]
23 I ring deserter before forming relationship [redacted]
[redacted] Married [redacted] than a month – that's cunning! [redacted]

Solution 8,529

P	A	C	I	F	I	E	R		S	C	A	R	A	B
E		A		L		X				O		E		A
D	E	S	S	E	R	T	S		U	N	U	S	E	D
D		I		E		R		F		S		T		I
L	A	N	D	S	C	A	P	E		T	U	R	I	N
E		G				C		E		A		A		A
			P	A	R	T		D	U	B	B	I	N	G
				M						L		N		E
T	R	E	M	B	L	E		R	U	E	D			
R		W		U		A		I				R		S
I	D	E	A	L		R	E	P	R	E	S	E	N	T
P		R						O		X		L		R
P	L	A	I	N	T		A	S	P	I	R	A	T	E
E		G		C				T		L		T		E
D	I	E	S	E	L		R	E	V	E	R	E	N	T

JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Interest rate moves in Europe hit share prices

By Terry Byland,
UK Stock Market Editor

Confidence in the UK equity market was badly shaken yesterday by the moves to higher interest rates in Sweden and Italy, which prompted savage falls in British government bonds. Not even strong gains in regional electrical stocks (recs) could save the FT-SE 100 Index from a fall of 28.8 points [illegible] 3,138.2; traders feared that the 3,100 mark could be at hazard this morning if the US bond auction disappoints.

Although the ½ percentage point rate rises in Sweden and Italy appeared to reflect obvious domestic factors, the reaction across bond and equity markets served to indicate the depth of concern that the [illegible] cycle [illegible] on the turn in Europe.

The stock market opened higher but this owed much to substantial [illegible] among the [illegible] following what was seen as a price review highly favourable to the companies from the official regulator. Heavy turnover in the recs lifted the Seaq figure well [illegible] recent averages for the first hour of trading.

But [illegible] was [illegible] that the rest of the market was by no means as confident, and that worries over the near term outlook for interest rates continued to plague investors in the UK market.

The market had already begun to cool off when the news that Sweden's Riksbank had raised its key rates in order to resist inflationary [illegible] bonds [illegible] sharply downwards. Increased selling was [illegible] and the investment [illegible] turned distinctly [illegible]. Some hurried selling was seen from fund [illegible] already [illegible] portfolios [illegible] influenced by interest rates.

By midsession, nervousness ahead of publication of US data on retail sales and producer prices had increased the market's uncertainty and the Footsie was 34.2 down at 3,132.8. But the US data turned out to be relatively benign, with a rise of 0.5 per cent in the June PPI only just [illegible] expectations and, with Wall [illegible] steady at [illegible] opening, London markets managed a modest rally.

Optimism was quickly extinguished by the rise in Italian interest rates, which [illegible] followed by a renewed slide in UK bonds that quickly turned share prices off again. Although the market closed [illegible] lows for the day, [illegible] believed that "the Footsie was only saved by the bell". The Dow Average was down 16 points [illegible] after London closed.

Feverish dealing in the final half-hour saw heavy selling of calls on the Footsie option and few traders were prepared to be optimistic ahead of the opening of the market this morning.

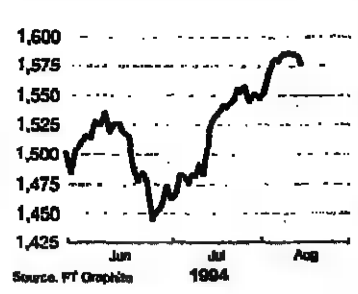
The pressure fell entirely on the blue chip stocks which [illegible] the most directly linked to [illegible] index [illegible] and to hurried selling [illegible] the institutions. The FT-SE Mid 250 Index, helped [illegible] strong contingent of recs stocks, climbed [illegible] to 3,726.9. Some traders have identified significant US demand in the recs sector.

Trading volume, boosted by the recs activity and also by trading [illegible] from Shell Transport, BOC and Royal Insurance, rose by 17 per cent from the previous day [illegible] shares, with non-Footsie business making up around 60 per cent. On Wednesday, retail business was worth £1.36bn.

After the close of trading, market [illegible] tried to make the best of a painful day. Several argued that yesterday's developments implied no pressure on interest rates in Germany [illegible] leading European countries. The Bundesbank is likely to [illegible] focusing on domestic factors, including [illegible] supply, and any rise in German [illegible] is still a long way off.

But [illegible] no avoiding the jolt delivered to [illegible] in UK equities, [illegible] those analysts who have been predicting that base rates could [illegible] before the end of [illegible] month.

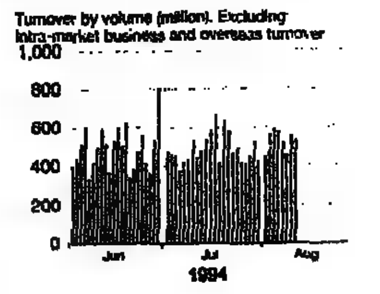
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3138.2	[illegible]	FT Ordinary Index	2460.5	-17.7
FT-SE Mid 250	3726.6	[illegible]	FT-SE-A Non Fins p/e	[illegible]	(19.95)
[illegible]	[illegible]	-10.2	FT-SE 100 Fut Sep	[illegible]	[illegible]
FT-SE-A All-Share	[illegible]	[illegible]	10 yr Gilt yield	[illegible]	(8.55)
FT-SE-A All-Share yield	3.78	(3.76)	Long gilt/equity yld ratio:	2.32	(2.27)

Best performing sectors

1 Electricity .... +9.1
2 Other Services & Bsns .... +2.3
3 Gas Distribution .... +1.4
4 Utilities .... +0.4
5 FT-SE Mid 250 ex IT .... +0.3

Worst performing sectors

1 Chemicals .... -1.9
[illegible] Banks .... -1.8
3 Telecommunications .... -1.5
[illegible] Building Materials .... -1.4
5 Oil, Integrated .... -1.1

Recs applaud review

Confirmation of [illegible] rumours [illegible] electricity distribution [illegible] be much less severe than the market feared produced a surge of buying across the [illegible]. The regional electricity [illegible] the wider market by [illegible] per [illegible].

Adding to the general euphoria was a feeling that the companies themselves may embark [illegible] share buy-back [illegible] story boosting [illegible] ment was that a potential stak[illegible] in [illegible] Electricity [illegible] the market shortly [illegible] close on Wednesday, buying nearly [illegible] per [illegible] of the [illegible] in a single deal.

A leading analyst at [illegible] of the top integrated trading houses in London [illegible] was "much [illegible] than expected from the [illegible] point of view", and could lead [illegible] upturn in share [illegible] much as [illegible] per [illegible]. He added that all [illegible] had [illegible] holder permission to buy back [illegible] own [illegible].

[illegible] was a minor ripple [illegible] market, however, following [illegible] rumours that an investigation had [illegible] instigated by [illegible] Stock Exchange into possible insider trading by [illegible] some of the recs.

London Electricity was the [illegible] best performer, leaping [illegible] closely [illegible] by South West, [illegible] 52 at 714p, and Southern, 51 higher [illegible] 714p.

There was widespread speculation that the buyer of a block of 7.7m [illegible] Electricity [illegible] 704½p on Wednesday could have [illegible] a potential stake-builder. Goldman Sachs, [illegible] US investment bank, was said to have bought the stock for a client. The deal produced an overnight gain [illegible] more than [illegible] for [illegible] purchaser. Around the [illegible] on Wednesday an institution bought a block [illegible] 1.7m [illegible] in Midland Electricity [illegible] 701½p. Midland closed [illegible] ahead at 730½p.

Shell doubts

Interim [illegible] from Shell Transport proved a substantial disappointment to the market, [illegible] focusing on worse than expected figures from the company's exploration and production [illegible] which [illegible] only partly offset by good numbers from the chemicals [illegible] operations.

"The market obviously got too carried [illegible] thinking that Shell's performance [illegible] match that of [illegible] announced at [illegible] month," [illegible] one specialist.

Strauss Turnbull, [illegible] other hand, adopted a more positive view, increasing its year-end [illegible] of replacement pre-profits to [illegible] and raising [illegible] dividend [illegible] a top of the range [illegible]. "The market will be pleasantly surprised by the dividend, which will be boosted because of the [illegible] of sterling against the Dutch guilder," [illegible] Mr [illegible] Toalster, [illegible] analyst [illegible].

BOC hard hit

It [illegible] unfortunate [illegible] specialist gases business BOC that it announced third-quarter figures on a day that interest rate concerns [illegible] the market. The misfortune was compounded by the [illegible] of a finance director at the meeting with analysts and the net result was a slide [illegible] 31 to 714p in the share price.

In fact, the underlying figures were less grim than the [illegible] performance suggested. [illegible] concern over increased competition to Forane, the anaesthetic gas, following expiry of the patent, and worries over the fall in [illegible] margins.

But Mr Jeremy Chantry of [illegible] recently advised investors to take profits in the stock argued that gas demand was high and margins were merely affected by a shift of business to the US, where competition was historically greater. Although he [illegible] back [illegible] full-year forecast by £10m to £350m, he suggested that at current levels the shares were beginning to see yield support.

[illegible] insurer Royal Insurance [illegible] the best performer [illegible] FT-SE 100 Index, [illegible] the utilities, [illegible] market [illegible] a positive [illegible] much higher than expected interim [illegible]. The shares settled 6 firmer [illegible] 265p.

Royal's profits, at £191m, were around 25 per [illegible] ahead of the most optimistic expectations, while the [illegible] dividend [illegible] higher than [illegible] general [illegible].

Mr Andrew Pitt at BZW, the investment bank, described the [illegible] "outstanding" [illegible] the strength of UK profitability as "quite staggering". BZW [illegible] current-year forecast by £60m to £400m and that for 1995 by £45m to £440m. The investment bank increased its dividend projections for Royal to 12p for 1994 and 15p for 1995.

Mr Pitt [illegible] valuation case for buying Royal was "overwhelming", especially since the shares are trading at a 14 per [illegible] current net asset value of 308p a share.

Chemist group **Boots** underperformed the [illegible] house Hoare Govett put [illegible] piece of research on the extent of the group's retail potential.

[illegible] poured some [illegible] the argument that the [illegible] over the counter medicines would boost profits. It argued that if price controls were relaxed, the chemist's profit margins could be eroded. It added that as the trend for self-medication continues, more competitors may want to grab a slice of the OTC market. Boots slid 9 to 525p.

Turnover in Storehouse jumped [illegible] 12.1m [illegible] eased 2 [illegible] after [illegible] Court bought [illegible] and placed most of [illegible] stock with institutions.

[illegible] Metropolitan [illegible] a busy market [illegible] two brokers recommended the stock. The shares rose 5 to 429p in heavy volume of 7.8m as Robert Fleming suggested [illegible] investors switch [illegible] Allied-Lyons and into GrandMet.

Allied gave up 6 at 587p.

Northern Foods [illegible] 7 [illegible] 223p, with [illegible] New Court, [illegible] group's broker, said [illegible] shown a keen [illegible] in [illegible] shares.

[illegible] trading in Unilever ahead of today's figures left the [illegible] 1041p. The [illegible] of [illegible] between £530m [illegible]. Talk that it will buy Eastman Kodak's household products division continued to circulate.

Encouraging first-half figures from Reed International [illegible] insufficient to prevent a dramatic turnaround [illegible] share price. The stock opened 11 higher as the international publisher revealed profits up 12 per cent. But there [illegible] some concern over [illegible] publishing sales which were 9 per cent below last [illegible] and also the group's performance in the US. The [illegible] fell 22 to 806p but mainly as a result of profit-taking.

MARKET REPORTERS:
Steve Thompson,
Peter John,
Joel Kibazo.

■ Other [illegible] Page 16

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (46). [illegible] & CNSTRN (3) Brandon Hire, Sheriff, [illegible] (3) Akzo, Allied Colloids, Wolstenholme Rink, DISTRIBUTORS (2) [illegible], Faber Prest, DIVERSIFIED INDLS (1) BH Prop., ELECTRICITY (1) Eastern, ELECTRNC [illegible] EQUP (2) Philips, Tadpole Technology, ENGINEERING (2) Castings, UMECO, ENG. VEHICLES (2) First Technology, Trinity, EXTRACTIVE INDS (3) FOOD MANUF (3) Matthews (B), Wilkinson, INVESTMENT TRUSTS (2) INVESTMENT COMPANIES (3) LEISURE & HOTELS (1) Chrysalis, MEDIA (3) Dorling Kindersley, Metal Bulletin, OIL EXPLORATION & PROD (1) Crossroads Oil, OTHER SERVS & BUSNS (4) PHARMACEUTICALS (1) Brit Biotech Wts., PRTNG, PAPER & PACKG (1) Elswick, RETAILERS, FOOD (1) Greggs, RETAILERS, GENERAL (1) French Connection, SUPPORT [illegible] Group, Manpower Inc., Reed Executive, Rolfe & Nolan, TEXTILES & APPAREL (1) Bullers, TRANSPORT (1) Applied Distribution, AMERICANS (3) CANADIANS (1).

NEW LOWS (34). GILTS (4) BREWERIES (1) Fuller S.T.A., BUILDING & CNSTRN (1) Eve, BLDG MATLS & MCHTS (2) Albrighton, Explaura, CHEMICALS (3) Cementone, Do Warrants, DISTRIBUTORS [illegible] Azlan, Kwik-Fit, Pendragon, [illegible] (1) Neotronics Technology, EXTRACTIVE INDS (1) World Fluids, HOUSEHOLD GOODS (1) Le Creuset, INVESTMENT TRUSTS (1) TR Property, LEISURE & HOTELS (1) Quadrant, OTHER FINANCIAL (2) Finance'bel Gallon, Union, OTHER SERVS & BUSNS (1) Brit. Bloodstock, PHARMACEUTICALS (1) Chiroscience, PRTNG, PAPER & PACKG (2) Bdl. Thornton, Ferguson Int'l., PROPERTY (4) Development Secs., Hemmingway Props. 7¼pc 2027, Raglan [illegible] Southend Prop. 6pc Cv 2020, RETAILERS GENERAL (1) Upton & Southern, SUPPORT SERVS (1) Johnson Cleaners, TEXTILES & APPAREL (2) Albion, Richards, TRANSPORT (1) Eurotunnel Wts. 1993.

EQUITY FUTURES AND OPTIONS TRADING

Derivatives reacted sharply to the setback in European bonds following the release of German consumer data and the unexpected rise in [illegible] interest rates. The increase in Italian interest rates came too late to impact on formal trading, writes Joel Kibazo.

In futures, the September contract on the FT-SE 100 opened at 3,181. But for a brief move forward to 3,188 in the first half-hour of trading, the contract was in [illegible] througout the day, with the lifting of interest rates in Sweden being the initial trigger to the selling.

The mid-morning release of German consumer data unsettled bunds, leading to a further decline, but it was the selling of around 1,000 lots by US broker Refco Overseas which led to a sharp retreat in the contract over lunch.

With Wall Street also dull, there was little to encourage a rally and September settled at 3,146, down 28 from its previous close and [illegible] points below its fair value premium to cash of 10 points. Volume improved to 18,919 lots.

The announcement on Italian rates came towards the official close of trading, and dealers were left to react in after-hours trading. September fell [illegible] points to 3,146, signalling a poor session today.

Turnover in traded options was 45,369 lots, of which 13,351 were in the FT-SE 100 option and 14,388 in the Euro FT-SE.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	[illegible]	[illegible]	Low	Est. vol	Open int.
Sep	3181.0	3146.0	[illegible]	3188.0	3121.0	18459	56386
Dec	3193.5	3158.5	[illegible]	3198.0	3148.5	174	4020
Mar		3179.5	-33.0			0	0

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

Sep	3713.0	3720.0	-3.0	3730.0	3713.0	76	4460

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

Sep		3,731.0	838

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3144) £10 per full index point

[illegible]

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

[illegible]

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	[illegible] price	Day's change
ASDA Group†	6,200	62	+1
Abbey National†	[illegible]	394	-9
Albert Fisher	[illegible]	82	+2
Allied-Lyons†	2,000	587	[illegible]
Anglian Water	661	532	-6
Argos	187	370	-1
Argyll Group†	5,200	275	-1
[illegible]	249	365	-6
[illegible] Brit. Foods†	[illegible]	584	[illegible]
Assoc. Brit. [illegible]	[illegible]	261	[illegible]
BAA†	2,500	486	
BAT Inds.†	4,300	485	-½
BET	2,300	117½	-1
BICC	[illegible]	419	+1
BOC†	[illegible]	714	-31
BP†	9,300	[illegible]	-2½
BPB Inds.	610	[illegible]	-3
BT†	3,800	[illegible]	-3½
BT (Pt Paid)	2,800	[illegible]	-3½
[illegible]	5,600	380	-7
[illegible] Scotland†	162	186	
[illegible]	4,600	[illegible]	-14½
Beazer†	799	[illegible]	-3
Blue Circle†	2,600	[illegible]	-6
Booker	1,300	[illegible]	-6
Boots†	4,100	525	-9
Bowater†	430	468	-3
Brit. Aerospace†	189	504	-1
British Airways†	8,500	404½	+½
British Gas†	12,000	[illegible]	+4
British Land	444	[illegible]	-1
British Steel†	3,400	[illegible]	-2½
Bunzl	1,600	[illegible]	+7
Burmah Castrol†	238	873	-1
[illegible]	4,700	[illegible]	-1
[illegible] & Wire†	2,400	438	-12
Cadbury Schweppes†	[illegible]	[illegible]	-6
Calor Group	[illegible]	[illegible]	
Caradon†	[illegible]	268	-6
Carlton Comms.†	734	860	-7
Coats Viyella†	2,600	223	-6
Comm. Union†	1,800	568	-2
Cookson	394	285	+3
Courtaulds†	[illegible]	532	-10
Dalgety	640	460	+6
De La Rue†	216	941	-11
Dixons	872	201	+1
Eastern Elec.	4,400	739	+50
East Midland Elec.	3,300	692	+40
Eng China Clays	1,100	386	-1
Enterprise Oil†	536	415	-2
Eurotunnel Units	934	297	-3
FKI	437	165	-3
Fisons	1,600	146	-2
Foreign & Col. I.T.	2,600	149	-1

[illegible]

FT-SE Actuaries Share Indices — The UK Series

[illegible]

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	4	59	7
Other Fixed Interest	0	0	15
Mineral Extraction	78	42	82
General Manufacturers	115	158	373
Consumer Goods	38	42	[illegible]
Services	95	95	[illegible]
Utilities	20	15	10
Financials	[illegible]	77	205
Investment Trusts	[illegible]	83	301
Others	61	23	[illegible]
Totals	578	594	1462

Data based [illegible] listed on the London Share Service.

TRADITIONAL OPTIONS

[illegible]	[illegible] 8	[illegible]	[illegible] 10
[illegible]	August 19	[illegible]	November 24

Calls: Alliance Res., Arcon Intl., East Mid. Elect., Elswick, Medeva, NSM, Regent Corp., Tullow Oil, Regent Corp., Tullow Oil, Upton & South., Weir, Wiggins. Puts: Arcon Intl., NSM, Tullow Oil, Wiggins Put & Call: Stand. & Chart.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	1994 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	26.5	100	96	Aromascan	[illegible]		-	-	-	-
-	F.P.	21.7	89	83	Baillie G Shn Wts	[illegible]		-	-	-	-

[illegible]

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

FT GOLD MINES INDEX

[illegible]

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£22⅞	-¼	£25⅛	£20⅞	6,946	5.0	Φ
ANZ A$		199	-2	278¾	179¾	2,648	4.9	29.2
Abbey National	†N□	394	-6	523	381	5,769	6.0	13.1
Allied Irish I£	‡†N□	259	-4	314	234	1,847	5.1	9.4
Anglo Irish I£	N□	57	—	*79	50	195.2	7.5	10.4
Asahi Y		777½	+13¾	819¾	628	18,044	0.6	Φ
Banco Bil Viz Pta		£15[illegible]	+[illegible]	£16[illegible]	£14[illegible]	3,616	5.4	6.8
Banco Sant Pta		£26[illegible]	-2[illegible]	*£30½	£22[illegible]	3,953	5.5	8.1
Bk Ireland I£	‡□	271	-1	*318	248	1,280	4.8	7.8
Bank Scotland	‡N□	198	—	247	172½	2,170	3.4	15.2
8¼pc Pf		114⅛	-½	141½	114	114.2	10.1	-
9¾pc Pf		119½	-½	149½	119¼	119.5	10.2	-
Barclays	‡†N□	548½	-14½	640	487	8,924	3.9	16.7
Dai Ichi Kan Y		£12[illegible]	+[illegible]	£12[illegible]	£10[illegible]	38,852	0.4	-
Deutsche DM		£290[illegible]	-12[illegible]	£344[illegible]	£270[illegible]	13,848	2.3	-
Espirito Santo		£9[illegible]	-[illegible]	*£13[illegible]	£8[illegible]	212.6	3.8	4.9
First Nat Fin	N□	66xd	—	*90	60	111.4	2.8	-
6.3pc Cv Pf		77	—	*90	77	6.38	10.2	-
7pc Cv Pf		125½	—	171	123	59.6	7.0	-
Fuji Bank Y		1497	+8¾	1549¼	1152½	43,384	0.4	Φ
HSBC HK	N□	780	-14	1133	680	13,659	3.8	11.3
HSBC (75p Shs)	N□	784	-14	1113	660	6,494	3.8	11.1
Lloyds	†N□	547xd	-6	660	519	7,076	5.3	10.8
Mitsubishi Y		£18[illegible]	+[illegible]	£18[illegible]	£15⅝	48,495	0.3	Φ
Mits Tst & Bk Y		1028	+5½	1162¼	887½	12,293	0.5	16.0
Mitsui Tst & Bk Y		866½	-19¾	979	514	8,884	0.7	26.7
Nat Aust A$	†	541	—	620¼	489¾	7,241	5.3	11.1
NatWest	†N□	445xd	-6	622	421	7,471	5.4	10.3
Ottomane FFr		£23½	—	£33	£23½	117.5	6.2	Φ
Ryl Bk Scotland	‡†N□	390	-3	526	377½	3,120	3.8	17.6
Sakura Y		£9[illegible]	+[illegible]	£9[illegible]	£8[illegible]	30,158	0.6	55.3
Sanwa Y		£14[illegible]	+[illegible]	£15⅛	£11[illegible]	48,799	0.4	Φ
Standard Chartd.	†N□	247	-12	*359¼	223	2,373	3.3	10.7
7 3/8pc Prf		90¾	-1	108½	89¾	90.8	10.2	-
Sumitomo Y		£12[illegible]	—	£16[illegible]	£11½	46,733	0.4	27.2
Sumitomo Tst Y		949½	-1⅛	1146½	625	11,798	0.6	Φ
TSB	†N□	210	-2	291	197	3,215	4.9	10.4
Tokai Y		£8[illegible]	—	£9	£6[illegible]	17,364	0.7	52.6
Toyo Tst & Bk Y		808½	+4¼	882	586¾	6,338	0.6	70.1
Westpac A$		220	-1	280	194	4,004	2.5	Φ
Yasuda Tst Bk Y	‡	564	+1¼	666	442	6,442	0.9	50.8

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

هكذا في الأصل

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

LEISURE & HOTELS - Cont.

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

PROPERTY - Cont.

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TRANSPORT - Cont.

WATER

AMERICANS

LIFE ASSURANCE

MEDIA

OTHER SERVICES & BUSINESSES

CANADIANS

TELECOMMUNICATIONS

OTHER INVESTMENT TRUSTS

SOUTH AFRICANS

TEXTILES & APPAREL

RETAILERS, FOOD

GUIDE TO LONDON SHARE SERVICE

INVESTMENT COMPANIES

PHARMACEUTICALS

MERCHANT BANKS

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Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

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AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

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OTHER UK UNIT TRUSTS

INSURANCES

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Scottish Mutual Assurance plc - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
North American Fund	233.2	245.6	+2.40	-
International Fund	292.6	308.0	+0.80	-
Gilts & Fxd Int Fund	189.9	199.9	-2.7	-
Index-Linked Fund	173.5	182.7	-0.40	-
Property Fund	132.7	139.7	—	-
Cash Fund	172.9	182.0	—	-
Pens Safety Fnd	271.7	286.1	-2.60	-
Pens Growth Fnd	246.9	259.9	-1.20	-
Pens Opportunity Fnd	248.3	261.4	-1.10	-
Pens W'wide Venture Fnd	197.1	207.5	+0.60	-
Pens UK Equity Fnd	341.3	364.0	-2.20	-
Pens UK Smlr Co's Fnd	204.8	218.6	-0.30	-
Pens European Fnd	326.1	343.3	-2.80	-
Pens Far East Fnd	437.0	460.1	+5.70	-
Pens Japanese Fnd	148.5	156.4	+0.8	-
Pens Nth American Fnd	296.1	311.7	-3.40	-
Pens International Fnd	305.1	321.2	+1.10	-
Pens Gilt&Fxd Int Fnd	226.3	238.3	-3.30	-
Pens Index-linked Fnd	179.4	188.9	-0.40	-
Pens Property Fnd	147.8	155.6	-0.10	-
Pens Cash Fund	214.7	226.1	—	-
Pens Halifax Fnd	230.7	242.9	—	-

Scottish Provident Group

8 St Andrew Sq, Edinburgh 031-556 9181

Scottish Provident Institution Funds

Life Funds

	Bid Price	Offer Price	+ or -	Yield Gross
With-Profits	112.9	118.9	—	-
Managed	269.4	283.7	+0.9	-
Blue Chip	144.3	152.0	+0.4	-
Equity	278.3	294.1	+0.8	-
International	295.2	310.8	+0.6	-
Property	234.1	246.5	—	-
Fixed Interest	209.2	220.3	+0.1	-
Index-Linked	172.6	181.7	+0.2	-
Cash	185.3	195.1	—	-
Money Market	122.0	128.5	—	-
American Performance	164.9	173.7	+1.5	-
Europe Performance	132.6	139.7	+0.2	-
Far East Performance	140.3	147.8	+0.5	-
Worldwide Performance	155.6	163.8	+1.9	-

Pension Funds

	Bid Price	Offer Price	+ or -	Yield Gross
With-Profits Ord	213.7	225.0	—	-
Managed Ord	337.5	355.4	+1.2	-
Blue Chip Ord	152.6	160.6	+0.6	-
Equity Ord	355.0	373.8	+1.2	-
International Ord	365.9	385.4	+1.4	-
Property Ord	300.0	315.9	—	-
Fixed Interest Ord	293.9	309.5	+0.2	-
Index-linked Ord	190.3	200.4	+0.2	-

Sun Alliance Group - Contd.

Sun Life Unit Assurance Ltd

St James Barton, Bristol BS99 7SL 0272 426911

Century Life International Ltd

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IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds

Abtrust Fund Mngrs Luxembourg SA (u)

HSBC Investment Funds Luxembourg SA (u)

LUXEMBOURG (REGULATED)(**)

Asian International Umbrella Fund (u)

Israel Selection Fund

Lloyds Bank Luxembourg (u)

Lombard Odier Invest (u)

"WINTERTHUR" Fund Mngmt Co (Lux) SA

World Bond Fund—SICAV (z)

World Trust Fund

Yamaichi Advanced Technology Fund

Yamaichi 1992 Gold Fund SICAV (u)

OTHER OFFSHORE FUNDS

Ermitage Group

Jardine Fleming Unit Trusts Ltd - Contd.

Johnson Fry Securities Ltd

Jupiter Tyndall (Bermuda) Ltd

Kestrel

Putnam Embassy Funds Ltd

Putnam International Advisers Ltd

Quantum Group

CURRENCIES AND MONEY

MARKETS REPORT

Rate rises hit markets

Financial markets yesterday received a rude wake-up call from their summer torpor as both Sweden and Italy raised short [illegible] rates, *writes Philip Gawith.*

The 50 basis point increase in the Swedish ceiling rate to 8 [illegible] cent, and a similar rise in the Italian discount rate, to 7.5 per cent, raised fears that the interest rate cycle in Europe may have bottomed.

The rate moves were poorly received by sceptical markets, and both currencies traded lower. Yesterday afternoon the lira was quoted at [illegible] record low [illegible] L1,016.50 against the D-Mark, compared to [illegible] London close of L1,005 ten minutes before the rate move was announced.

The [illegible] krona [illegible] quoted in London [illegible] against the D-Mark, [illegible] a [illegible] of SKr5, but well below Wednesday's [illegible].

Events in Europe overshadowed [illegible] release of a fairly neutral [illegible] of July PPI [illegible] retail sales figures in the US. The dollar, however, [illegible] sharply [illegible] nervous [illegible] sought refuge [illegible] currency turbulence in the D-Mark.

Yesterday evening the [illegible] was trading at DM1.5635, more [illegible] 2¼ pfennigs [illegible] its high [illegible] the day [illegible] DM1.5905.

Sterling had [illegible] steady day [illegible] weakness against the D-Mark offset by strength against [illegible] dollar. At midday [illegible] York [illegible] pound [illegible] trading [illegible] $1.5485, up from $1.53 earlier, and DM2.4256, down from [illegible].

The interest rate futures [illegible] had a [illegible] day [illegible] heavy volumes traded, and large price [illegible]. The December short sterling contract traded [illegible] 50,000 lots and [illegible] bid yesterday evening at [illegible] compared [illegible] Wednesday's close of 93.43. The December euromark [illegible] 66,000 lots and was bid [illegible] compared to the previous close of 94.96.

■ Sweden's central bank, [illegible] Riksbank, [illegible] as a pre-emptive strike against inflation. The Bank of Italy, in turn, said rates were raised in order [illegible] defend the lira.

Markets, however, were equally unimpressed with both motivations [illegible] predicted further currency [illegible].

Mr Jeremy Hawkins, chief economist [illegible] the Bank of America in London, commented: "The [illegible] from the market to big budget deficit governments is [illegible] investors are no longer prepared to invest in their assets unless we [illegible] a [illegible] cut in their [illegible] deficit, [illegible] a big [illegible] interest rates. Fifty basis points [illegible] neither here nor there."

Mr [illegible] said [illegible] market [illegible] had been so negative that speculators [illegible] now likely [illegible] turn their [illegible] other countries [illegible] problems, notably Portugal, Greece [illegible] Belgium. "The foreign exchange [illegible] looking [illegible] budget [illegible] more than anything else."

[illegible] with [illegible] sounder fiscal position [illegible] expected [illegible] stay out [illegible] the firing line. Mr [illegible] Durrant, [illegible] brokers [illegible] commented: "I don't [illegible] German policy will be altered in any shape or form by events we have seen today." Indeed, some analysts believe another interest rate cut from [illegible] Bundesbank is likely, possibly [illegible] soon [illegible] when the council next meets.

Mr Tony Norfield, UK treasury [illegible] ABN-AMRO, noted: "The issue is fiscal deficits rather than Swedish monetary policy [illegible] a leading [illegible] Europe. But that is certainly how the market is seeing it now."

That said, yesterday's rate moves [illegible] clearly served as a further catalyst for bearishness across the board in European interest [illegible] markets.

A common criticism among analysts [illegible] that both central banks had essentially missed the point which was that markets were worried about large budget deficits.

Against this background, selling [illegible] currency [illegible] logical because higher interest rates promises only to [illegible]vate the economic difficulties [illegible] countries face, and [illegible] holding their [illegible] a [illegible] palatable prospect.

[illegible] analysts said the central banks' actions could be interpreted [illegible] warning [illegible] the bows [illegible] the politicians, warning them [illegible] they had to cut their budget deficits.

Mr [illegible] Kokko, international economist at S.G.Warburg in London, said high debt countries might have to accept [illegible] degree of exchange rate fluctuation as the price for interest rate independence.

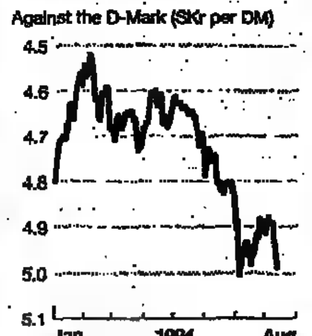
He predicted that the issue of how high [illegible] countries would [illegible] with rising interest [illegible] would prompt further speculation against their currencies.

■ The [illegible] more [illegible] for safety in the D-Mark rather than in [illegible] specific concern about the US [illegible]. Analysts [illegible] yesterday's [illegible] was unlikely [illegible] the likelihood, [illegible] not, of [illegible] Fed tightening at [illegible] FOMC meeting.

■ In [illegible] the Bank [illegible] England provided [illegible] forecasting a [illegible] shortage. Earlier [illegible] provided [illegible] liquidity [illegible] rates. In the [illegible] markets sterling LIBOR firmed on speculation of higher [illegible] 5½ per cent from [illegible] per cent.

Swedish kronor

Against the D-Mark (SKr per DM)



Source: FT Graphite

■ [illegible] in New York

Aug 11	Latest	Prev. close
£ spot	1.5480	1.5372
1 mth	1.5472	1.5365
3 mth	1.5453	1.5347
1 yr	[illegible]	1.5256

■ OTHER CURRENCIES

Aug 11	£	$
Hungary	168.625 - 168.755	108.670 - 108.770
Iran	2698.00 - 2698.00	1749.00 - 1750.00
[illegible]	0.4571 - [illegible]	0.2983 - 0.2985
Poland	35030.6 - [illegible]	22650.0 - 22690.0
[illegible]	3195.86 - [illegible]	2065.00 - [illegible]
U.A.E.	5.6407 - 5.6622	[illegible] - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Aug 11 — Closing mid-point, Change on day, Bid/offer spread, Day's Mid high, low, One month Rate %PA, Three months Rate %PA, One year Rate %PA, Bank of Eng. Index

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Aug 11		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£
Belgium	(BFr)	100	19.19	16.62	4.864	2.023	4880	5.468	[illegible]	[illegible]	400.4	[illegible]	[illegible]	[illegible]
Denmark	(DKr)	52.12	10	8.664	2.530	1.054	[illegible]	2.843	11.10	257.3	208.7	[illegible]	2.131	[illegible]
France	(FFr)	60.16	[illegible]	10	2.920	1.217	2936	3.282	12.81	297.0	[illegible]	14.60	[illegible]	[illegible]
Germany	[illegible]	20.60	3.952	3.424	1	0.417	1005	[illegible]	[illegible]	101.7	[illegible]	4.965	[illegible]	0.411
Ireland	[illegible]	49.43	9.483	8.216	2.399	1	2412	2.696	10.52	244.0	197.9	11.91	2.021	[illegible]
Italy	[illegible]	[illegible]	[illegible]	0.341	0.099	0.041	100.	0.112	0.436	10.11	[illegible]	[illegible]	0.084	[illegible]

WORLD INTEREST RATES

MONEY RATES

EURO CURRENCY INTEREST RATES

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

■ THREE MONTH EURODOLLAR (LIFFE) $1m points of 100%

■ THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100%

■ THREE MONTH EUROLIRA INT. RATE FUTURES (LIFFE) L1000m points of 100%

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

UK INTEREST RATES

LONDON MONEY RATES

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
9400	0.23	0.06	0.06	0.10	0.71	1.30
9425	0.08	0.03	0.04	0.20	0.93	1.53
9450	0.02	0.01	0.02	0.39	1.16	1.76

Est. [illegible] Calls 18679 Puts 13969. Previous day's open int., Calls 314403 Puts 243036

BASE LENDING RATES

	%
Adam & Company	5.25
Allied Trust Bank	5.25
AIB Bank	5.25
●Henry Ansbacher	5.25
Bank of Baroda	5.25
Banco Bilbao Vizcaya	5.25
Bank of Cyprus	5.25
Bank of Ireland	5.25
Bank of India	5.25
Bank of Scotland	5.25
Barclays Bank	5.25
Brit Bk of Mid East	5.25
●Brown Shipley & Co Ltd	5.25
CL Bank Nederland	5.25
Citibank NA	5.25
Clydesdale Bank	5.25
The Co-operative Bank	5.25
Coutts & Co	5.25
Credit Lyonnais	5.25
Cyprus Popular Bank	5.25
Duncan Lawrie	5.25
Exeter Bank Limited	6.25
Financial & Gen Bank	6
●Robert Fleming & Co	5.25
Girobank	5.25
●Guinness Mahon	5.25
Habib Bank AG Zurich	5.25
●Hambros Bank	5.25
Heritable & Gen Inv Bk	5.25
●Hill Samuel	5.25
C. Hoare & Co	5.25
Hongkong & Shanghai	5.25
Julian Hodge Bank	5.25
●Leopold Joseph & Sons	5.25
Lloyds Bank	5.25
Meghraj Bank Ltd	5.25
Midland Bank	5.25
*Mount Banking	6
NatWestminster	5.25
●Rea Brothers	5.25
*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Royal Bk of Scotland	5.25
●Smith & Williamson Secs.	5.25
TSB	5.25
●United Bk of Kuwait	5.25
Unity Trust Bank Plc	5.25
Western Trust	5.25
Whiteaway Laidlaw	5.25
Yorkshire Bank	5.25

● Members of London Investment Banking Association

* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

NOTES – Gross: Contractual rate of interest payable, [illegible] taken account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate adjusted to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

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WORLD STOCK MARKETS

EUROPE

AUSTRIA (Aug 11 / Sch)

BELGIUM/LUXEMBOURG (Aug 11 / Frs.)

DENMARK (Aug 11 / Kr)

FINLAND (Aug 11 / Mks)

FRANCE (Aug 11 / Frs.)

GERMANY (Aug 11 / Dm.)

ITALY (Aug 11 / Lire)

NETHERLANDS (Aug 11 / Fls.)

NORWAY (Aug 11 / Kroner)

SPAIN (Aug 11 / Pts.)

SWEDEN (Aug 11 / Kroner)

SWITZERLAND (Aug 11 / Frs.)

PACIFIC

JAPAN (Aug 11 / Yen)

AUSTRALIA (Aug 11 / AustS)

HONG KONG (Aug 11 / H.K.S)

MALAYSIA (Aug 11 / MYR)

SINGAPORE (Aug 11 / S$)

NORTH AMERICA

CANADA

TORONTO (Aug 11 / Can $) 4 pm close

MONTREAL (Aug 11 / Can $) 4 pm close

AFRICA

SOUTH AFRICA (Aug 11 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are usually last traded prices. Highs/Lows are for 1994, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, August 11, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	13.1m	372	+2	Nippon Yusen	3.4m	668	+5
NKK Corp	6.9m	282	-3	Sumitomo Metal	3.3m	324	+1
Kawasaki Steel	6.4m	416	-2	Mitsubishi Kasei	3.1m	548	+1
Furukawa Elec	5.3m	710	+5	Fujitsu	3.0m	1080	
Teijin	3.8m	601	+9	Mitsubishi Heavy	2.8m	803	-7

INDICES

	Aug 11	Aug 10	Aug 9	1994 High		1994 Low	
Japan							
Nikkei 225 (16/5/49)	20621.36	20770.25	20590.22	21552.81	13/6	17369.74	4/1
Nikkei 300 (1/10/82)	302.45	302.15	301.01	311.71	13/6	258.22	4/1
Topix (4/1/68)	1652.52	1661.50	1656.15	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2465.74	2467.20	2470.54	2542.65	6/7	1873.33	4/1
Malaysia							
KLSE Comp.(4/4/86)	1111.48	1092.80	1073.59	1314.46	5/1	928.33	4/4
Turkey							
Istanbul Cmp.(Jan 1986)	23940.5	23654.5	22704.8	[illegible]	13/1	12860.70	24/3
WORLD							
MS Capital Int (1/1/70)$	630.9*	632.2	629.6	641.00	1/2	591.00	4/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	1275.93	1304.35	1303.36	1540.19	31/1	1269.48	21/6
Euro Top-100 (26/6/90)	1214.83	1222.83	1225.61	1311.81	2/2	1142.86	21/6
JCapsDrgns (31/12/88)	(c)	328.75	324.78	395.19	5/1	298.28	21/6
Barings Emerg.(7/1/92)	(c)	174.25	174.59	182.32	14/2	141.85	21/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett.Price	Change	High	Low	Est. vol.	Open Int.
Aug	2081.0	2043.0	-33.0	2088.0	2040.0	1,107	27,587
Sep	2087.5	2050.5	-33.0	2093.0	2049.5	1	7,989
Dec	2116.0	2079.0	-33.0	2099.0	2083.0	250	4,099

Open interest figures for previous day.

** Sat Aug 6 : Taiwan Weighted Price 6640.32; Korea Comp Ex 932.7. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Aug 11 - 2158.31 -10.20

US INDICES

				1994 High	1994 Low	Since compilation High	Since compilation Low
NYSE Comp.	254.20	252.98	252.80	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (28/4/42)
Amex Mkt Val	443.97	442.22	441.00	487.89 (2/2)	422.67 (29/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	729.20	722.61	720.47	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Aug 5	Jul 29	Jul 22	Year ago
Dow Jones Ind. Div. Yield	2.72	2.72	2.74	2.87
	Aug 10	Aug 3	Jul 27	Year ago
S & P Ind. Div. yield	2.43	2.42	2.45	2.52
S & P Ind. P/E ratio	23.51	23.55	23.13	25.14

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Sep	461.05	460.20	-0.90	461.35	459.40	45,680	194,115
Dec	462.20	462.80	-0.80	462.85	462.00	1,285	18,228
Mar	-	466.00	-	-	465.40	30	3,369

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Merck	5,443,200	32⅝	+1⅝
Dillard	3,886,000	28⅝	-4⅝
Wal-Mart	3,475,200	24⅜	+⅛
Micron	3,374,800	42¼	+3¼
Telefonos	3,275,700	63	-⅝
Gen Elec	3,063,800	48⅝	-¼
Watson St	3,026,600	8⅝	-⅛
Nat Semi	2,785,400	18	+⅛
IBM	2,707,800	64¼	-¼
Union Carbide	2,800,300	30¼	+⅝

■ TRADING ACTIVITY

● Volume (million)	Aug 10	Aug 9	Aug 8
New York SE	279.474	258.019	217.877
Amex	17.847	14.079	11.367
NASDAQ	320.433	241.583	201.381
NYSE			
Issues Traded	2,846	2,856	2,858
Rises	1,189	971	1,161
Falls	940	1,145	955
Unchanged	717	740	740
New Highs	53	29	36
New Lows	51	72	45

† Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ▼ Subject to official recalculation.

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NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¾	13⅜	AAR	0.48	3.3	483	415	14⅝	14½	14½	
16⅞	12⅝	A L Labs A	0.18	1.3	31	112	13¾	13½	13⅝	+⅛
75¼	57⅝	AMP x	1.68	2.3	25	1834	74⅝	73⅛	73⅛	-1¼
72¾	52⅛	AMR			99	2534	57½	56⅝	56¾	-¾
5	3⅛	ARX			13	13	4	3⅞	3⅞	
58⅛	38⅝	ASA	2.00	4.3	30	288	46⅛	45¾	46⅛	+¼
31⅜	25⅜	AbbtL	0.76	2.7	16	11653	28¾	28	28⅞	-⅛
13¾	11⅜	Abitibi Pr	0.50	3.8	9	39	13½	13¼	13¼	-¼
23⅝	17¾	ABM Ind	0.52	2.4		21	22	21¾	21⅞	-⅛
14⅜	11⅛	Acptncels			25	76	14¼	14	14	
31	22¾	ACE Ltd	0.44	1.9	3	79	23⅝	23	23¼	-¼
12½	10⅛	ACM Gvt In x	1.09	10.3		283	10⅝	10½	10⅝	
10⅛	7⅞	ACM GvOpp x	0.80	9.8		30	8¼	8	8¼	+⅛
10⅝	7¾	ACM Gvt Sp x	0.96	12.6		454	7⅞	d7⅝	7⅝	-¼
12	9	ACM Gvt Sx x	1.09	12.2		592	9⅛	d9	9	
11¾	8⅜	ACM Mas x	1.08	12.9		423	8⅝	d8⅜	8⅜	-⅛
9¼	8	ACM Mangd x	0.72	9.0		90	8⅛	d8	8	-⅛
15½	8¾	AcmeClv x	0.44	3.9	14	10	11½	11⅜	11⅜	
9⅞	6½	Acme Elect			7	45	9¼	8¾	8¾	-⅛
28¾	23	Acordia	0.60	2.3	12	7	25⅝	25⅝	25⅝	+⅛
10½	5¾	Actava	0.36	3.4	3	472	u10⅝	10⅜	10½	
15⅝	11¼	Acuson			65	234	12⅝	12¼	12⅝	-⅛
18⅞	16½	Adams Exp	0.48	2.8	0	49	17⅜	17¼	17¼	-⅛
64	46½	Ad Micro	3.00	5.2		33	58¼	57⅞	58¼	-¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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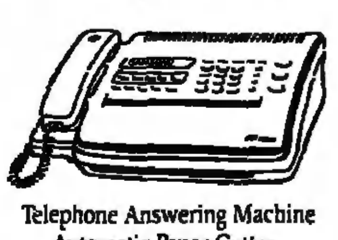

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SAMSUNG ELECTRONICS

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NYSE COMPOSITE PRICES

4 pm close August 11

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NASDAQ NATIONAL MARKET

4 pm close August 11

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AMEX COMPOSITE PRICES

4 pm close August 11

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AMERICA

Sell-off in bond market fells Dow

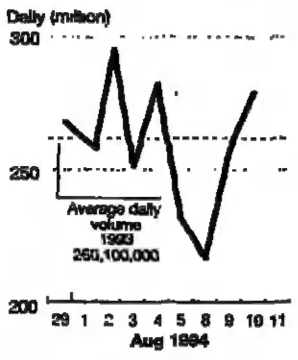
Wall Street

A sell-off in the bond market, fuelled by rising expectations of an imminent interest rate increase, left US share prices lower across the board yesterday morning, *writes Patrick Harverson in New York.*

By 1 pm, the Dow Jones Industrial Average was down 14.24 at 3,752.52. The more broadly based Standard & Poor's 500 was also lower at the halfway mark, off 1.60 at 458.70, while the American Stock Exchange composite slipped 0.41 to 443.56 and the Nasdaq composite eased 0.03 to 728.23. NYSE volume was 169m shares by 1 pm.

Although prices opened marginally higher, the market struggled to hold on to its gains as Treasury prices slipped steadily lower, pushing long-term interest rates, as measured by the yield on the 30-year government bond, higher. The decline in bond prices was sparked by a series of economic releases which were not overly bearish, but which were worrying enough to convince more investors that the Federal Reserve would soon sanction another interest rate increase to slow down the economy.

NYSE volume



The news that led to the sell-off in the bond market, where the 30-year bond fell more than half a point and its yield rose to 7.634 per cent, was an upward revision in June retail sales growth, from an originally estimated 0.6 per cent to 0.8 per cent. Analysts said that the robust growth in retail sales, combined with recent strong jobs growth, made it more likely that the Fed would tighten monetary policy, probably after next week's meeting of the Federal Open Market Committee.

The day's other news – a 0.5 per cent rise in July producer prices and a 0.1 per cent decline in July retail sales – had less of an impact. The bigger than expected rise in producer prices was ignored because the gain was attributable almost entirely to higher petrol and coffee prices.

Gap Stores jumped $2¾ to $39¼ in volume of 1.7m shares after announcing second quarter earnings per share of 30 cents, up from 20 cents last year and above forecasts.

US Bioscience rose $¾ to $6½ after the company's Hexalen drug, which is used in the treatment of ovarian cancer, was cleared by regulators for marketing in Canada.

On the Nasdaq market, technology stocks were in demand once again: Microsoft rose $1⅛ to $55⅞ in heavy trading, Intel climbed $½ to $60¼, and Lotus Development firmed $¾ to $41.

Neutrogena jumped $5 to $26½ after the personal care products company said that it was in talks with a larger company that could lead to a takeover of Neutrogena.

Comcast Communications rose $¼ to $15¾ after the cable television group reported a narrowing in its second quarter loss to $12.8m, from $17m a year ago.

Canada

Toronto stocks continued to decline at midday, weighed down by interest rate fears following the US inflation data.

Losses in mining, gold, consumer products and financial services outweighed gains in the transportation sector.

The TSE 300 composite index was down 25.39 to 4,179.69 in volume of 26.17m shares valued at C$317.7m.

Declining stocks outpaced advances by 298 to 221, with 300 issues unchanged.

The transportation index jumped 112.93, or 2.48 per cent, to 4,672.11. Laidlaw class "B" shares advanced C$⅝ to C$10⅝ in brisk dealings.

The industrial products sector slipped 19.29, or 0.71 per cent, to 2,706.96.

Dylex class "A" were up C$0.03 at C$0.72 in volume of 1.08m shares. The clothing retailer said that it had negotiated an additional C$40m in new operating credit lines.

Lac Minerals receded C$⅜ to C$14¼ on 549,000 shares traded after the company's board rejected a new takeover bid from Royal Oak Mines.

Brazil

Shares fell by 1.2 per cent in moderate midday trade on the São Paulo market, dragged down ahead of the options and futures markets settlements next Monday and Wednesday.

The Bovespa index was off 560 at 44,572 by 1 pm. Turnover was R$232.8m ($259.3m).

South Africa falls back

Johannesburg saw a correction from recent high levels as investors took profits. However, brokers said the bullish outlook remained intact and that leading shares could test fresh peaks in coming days.

The overall index, down 35 at 5,883, had seen a rise of 4 per cent over the previous week. The industrials index lost 53 points, mostly in the afternoon session, to 6,641, and the gold shares index was off 27 at 2,195 after falling earlier to 2,179.

In spite of yesterday's setback, analysts remarked that the industrials sector remained positive, supported by a recent batch of good corporate results.

Selective buying was seen in a number of key stocks, with Gencor, for instance, rising 10 cents to R12.70, adding to Wednesday's 80-cent gain.

Elsewhere, De Beers lost R1.25 at R119.50, Anglos fell R3.50 to R256.50, JCI dipped 50 cents to R110.50 and Vaal Reefs shed R2 to R408.

Liberty moved ahead R2.50 to R97 after its subsidiary, Transatlantic Holdings, reported a 46 per cent rise in first-half pre-tax profits. Sasol gave up R1 at R31.75, Malbak receded 50 cents to R18.50 and Barlows eased 25 cents to R33.

EUROPE

Bourses derailed by Swedish interest rate rises

Swedish rate rises derailed bourses after a morning on the upgrade, reminding investors of the next turn in the cycle, *writes Our Markets Staff.*

Merrill Lynch put this in perspective, saying that the first German interest rate rise could well be over a year away, and that the key was the inflation outlook. Sweden devalued in 1992, the broker noted, the export sector boomed, unemployment there has been falling for over a year and wages have begun to rise.

Italy's rate increase came too late to affect bourses. The initial response was that this was another country with one of the biggest budget deficits in Europe, and one of those with the greatest uncertainty about its economic prospects.

STOCKHOLM dropped 1.9 per cent after the Riksbank raised its key lending rate by ½ percentage point to 8 per cent, citing fears that the economy was overheating. The Affärsvärlden General index closed 27.30 lower at 1,441.50.

Banks and insurers sustained the worst damage, the sector index shedding 5.4 per cent. Analysts remained negative over the short term, feeling that the market was uncertain even before the rate rise with an election and European Union referendum in prospect, and the largest budget deficit in the OECD.

The ball bearings group SKF dipped SKr5 to SKr148 after announcing first-half profits of SKr543m, against a previous loss of SKr503m. Analysts suggested that, in spite of the good results, many in the market were hoping for a signal of strong growth in the second half, and this was not forthcoming.

MILAN had closed by the time the news came out of a 50 basis-point rise in the domestic discount rate, an action, said the central bank, to defend the lira. However, the market had already been buffeted by further political worries and weakness in the bond market.

The Comit index finished 5.35, or 0.8 per cent, down at 669.17.

Brokers remarked of the continuing political unease, that differences between members of the governing coalition, over issues such as cuts to be made in the pension system, had undermined confidence even further.

COPENHAGEN lost 2.3 per cent on Sweden's rate rise, the KFX index falling 2.34 to 101.07 in weak trading. Mr Soeren Dalgaard, chief economist at Jyske Bank, said: "The Danish share market has been affected by rate nerves; there is a tendency for foreign investors to lump all the Scandinavian markets into one."

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Aug 11 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1391.86	1390.17	1388.62	1380.44	1375.82	1374.06	1374.15	1376.03
FT-SE Eurotrack 200	1440.93	1439.77	1438.65	1432.29	1425.53	1423.47	1424.99	1425.70

	Aug 10	Aug 9	Aug 8	Aug 5	Aug 4
FT-SE Eurotrack 100	1384.35	1393.35	1408.19	1406.12	1409.38
FT-SE Eurotrack 200	1432.72	1439.28	1450.01	1446.96	1446.61

Base 1000 (26/10/90); Highday: 100 - 1391.89; 200 - 1441.13 Lowday: 100 - 1372.53 200 - 1423.24

HELSINKI fell into the doldrums as the market lost 1.25 per cent on fears of interest rate rises. The Hex general index declined 23.4 to 1,852.7. Within that, the banking and finance sector dropped by 3.1 per cent, but analysts expected the market to bounce back soon.

FRANKFURT was a case of what might have been. The Dax index was reported at 2,184.23 in midsession but bund futures dropped sharply towards the end and the key index closed 5.09 lower at 2,155.09 as turnover rose from DM5.5bn to DM7.1bn. Equities saw little reaction to US PPI data in the post-bourse.

There were similar stories at corporate level. The energy and chemicals group Veba rose as high as DM539.50 in the pre-bourse on a 43 per cent increase in half-year net profits, lifting the market as a whole in the process. But it fell by as much as DM10 from that level before closing at DM532, down DM2.20.

Thyssen, the steel and engineering major, managed to sustain its outperformance. A series of buy recommendations, interest after the Hoogovens results in the Netherlands, and some switching out of financials into cyclicals, took the shares up DM4 to DM318.50 on the session. They rose to DM319.40 after hours.

Deutsche Bank plunged late in the session, partly on the financials/cyclicals switch, but more on what traders described as heavy selling pressure from a major US investment house. The shares ended DM17.50 down at DM706.

ZURICH closed a percentage point below its best, the SMI index ending 2.6 lower at 2,588.8. SMH provided the outstanding feature of the day, rising SFr30 to SFr824.

Mr Frederick Hasslauer at Bank Sal Oppenheim in Zurich said that SMH had risen by 13 per cent since the beginning of August, mainly on buying from London. He offered two reasons: first, a 1994 price/earnings ratio of 12; and secondly, the prospect of better shareholder information from the watchmaker in future.

PARIS was dragged lower by events taking place elsewhere in Europe and fears that this could trigger a round of interest rate rises elsewhere.

The CAC-40 index fell 25.34, or 1.2 per cent, to 2,038.93 in turnover of FFr3.1bn.

Alcatel Alsthom dropped FFr11 to FFr623, adding to Wednesday's similar fall, and announced a rise in first-half sales after the market had closed.

AMSTERDAM took a good look at the KLM results and, in spite of the better than expected first-quarter results, was disappointed by the airline's appraisal that it was only "cautiously optimistic" regarding full-year figures.

The shares strengthened to Fl 55.60 when the results were first posted, before investors had time to take a closer look and drive them down to Fl 52.30, the session's low. They ended Fl 1.20 off at Fl 53.60.

The AEX index, upset by the Swedish rates news, slipped 0.81 to 416.81, but was up from the day's low of 413.72, on a day that saw three other major companies reporting.

Philips pleased the market as it trebled second-quarter net profits, far exceeding analysts' expectations – they had been forecasting a doubling in profits. The shares added Fl 1.90 at Fl 57.80 in high volume. The results also helped its subsidiary Polygram, whose own figures had disappointed the market earlier in the week, to a gain of 10 cents at Fl 78.00.

Elsevier, down Fl 2.10 at Fl 171.90, lost ground on profit-taking after posting a good set of figures and announcing a 10-for-one share split and a proposed listing on the NYSE, probably in the form of ADRs.

Royal Dutch, down 90 cents at Fl 195.90, was another to disappoint the market with second-quarter results at the lower end of expectations.

Written and edited by William Cochrane, John Pitt and Saqib Qureshi

ASIA PACIFIC

Pacific Rim mixed as Kuala Lumpur gains 1.7%

Tokyo

Technical buying and purchases by public fund managers supported share prices, and the Nikkei 225 average posted a moderate gain, *writes Emiko Terazono in Tokyo.*

The index was up 51.11 at 20,821.36 after a day's low of 20,690.24 and high of 20,845.27. Prices firmed in the afternoon on a rise in the futures market, while overseas investors continued to buy chemical and steel shares.

Volume decreased from 271m shares to 249.5m. Traders expected public fund managers to support activity over the next few weeks ahead of this month's public offering of Japan Tobacco and Japan Telecom. The success of the listing of the state-owned tobacco group, in October, is considered crucial in determining the fate of the former Japan National Railway group's plans to go public.

The Topix index of all first section stocks put on 1.02 at 1,662.52 and the Nikkei 300 edged ahead 0.30 to 302.45. Rises outscored falls by 532 to 414, with 203 issues unchanged. In London the ISE/Nikkei 50 index eased 0.08 to 1,349.34.

Steel companies once again led trading on buying by overseas investors and profit-taking by domestic institutions. Nippon Steel, the day's most active issue, rose Y2 to Y372.

Nippon Soda, a chemical company, advanced Y18 to Y457 on reports by the Nikko Research Institute, the research arm of Nikko Securities, which said it would outperform the market due to a rise in pre-tax profits from its restructuring programme.

Takasago International, which makes fragrances for cigarettes, moved ahead Y14 to Y852 on buying linked to the Japan Tobacco's listing.

In spite of selling prompted by Nomura Securities' downgrades of investment ratings, Sony was finally up Y20 at Y6,000 and Matsushita Electric Industrial recouped some of its loss to end Y10 off at Y1,770.

In Osaka, the OSE average added 44.84 at 23,098.36 in volume of 83.6m shares. Small-lot buying supported real estate and machinery stocks, regarded as laggards.

Roundup

Sentiment was mixed in the region, the two biggest markets, in Hong Kong and Australia, offering the least enthusiasm on the day.

KUALA LUMPUR improved 1.7 per cent on increased retail and institutional buying. The composite index gained 18.68 at 1,111.48 as volume swelled from 425m to 528m shares, the largest since late February.

Brokers said sentiment was further boosted by news that Bank Negara would lift the ban on the sale of short-term paper to foreigners from today.

Multi-Purpose Holdings rose 42 cents to M$4.84 in volume of 11m shares on a 48 per cent increase in interim net profits.

SINGAPORE was motivated by a good session in Malaysian shares traded over the counter. The Straits Times Industrial index climbed 23.53 to 2,300.03.

BANGKOK was lifted by institutional buying of blue chips ahead of today's holiday closure. The SET index rose 18.17 to 1,425.49 in turnover of Bt10.64bn.

Shares in Siam Makro, the cash-and-carry store operator, rose sharply on the first day of trading to close at Bt72, compared with an initial public offering price of Bt50, *writes Victor Mallet in Bangkok.*

Siam Makro, a joint venture between the privately controlled SHV group, of the Netherlands, and the Charoen Pokphand group, of Thailand, is the first Makro company to go public in the 16 countries where the stores have been established.

The Thai company, valued by the market yesterday at Bt15.8bn ($634m), raised nearly Bt2bn by selling 18 per cent of its stock in the initial offering in order to finance rapid expansion.

MANILA saw strength in PLDT following a rise of $2¼ in the ADRs on Wall Street overnight, leaving it up 1 per cent on the domestic market at 1,760 pesos. The composite index firmed 32.80 to 2,976.99.

Some analysts forecast that the market would fall back today following a sharp rise over the last two sessions.

SEOUL gained ground on hopes that first-half results from manufacturing companies would be better than expected.

The composite index was ahead 8.98 at 939.19, just off a day's high of 940.87. Gainers led losers by 484 to 279.

Korea Mobile and Samsung Electronics went the day's limit up to Won391,000 and Won93,900 respectively, Samsung reporting that its first-half net profits more than quadrupled.

TAIPEI lost more than 2 per cent on reports that the central bank might tighten monetary policy in the near future. Sentiment was also unnerved by news that the Securities and Exchange Commission was conducting an inquiry into 10 investment trusts for alleged manipulation of plastics and electronics stocks.

The weighted index gave up 145.99 to 6,692.02, but was off an intraday low of 6,618.14. Turnover came to T$102.7bn.

The electronics sector bore the brunt of the day's losses, with United Microelectronics dropping T$6.50, or 4.3 per cent, to T$146.50.

HONG KONG lost impetus as bank shares, particularly HSBC Holdings with its interim results due next Monday, were depressed by the problems reported in the colony by the London-based Standard Chartered.

The Hang Seng index eased 93.54 to 9,524.54, and turnover fell from HK$4.28bn to HK$3.565bn. HSBC finished HK$1.75 down at HK$93.50, its low for the day.

Financials led the sub-indices down with a fall of 1.6 per cent. Among trading houses, Swire Pacific reported a 14 per cent rise in first-half net profits, but brokers said the results were in line with expectations and the stock closed HK$2 lower at HK$59.75.

Meanwhile, the H share index of China-incorporated stocks rose 6.5 to 1,357.49.

SHANGHAI offered a similarly ambivalent attitude to investment prospects, its domestic, A share index falling 7.15 per cent as the B shares, designed for foreign consumption but now effectively open to mainland Chinese investors, put on 2 per cent, the index advancing 1.59 to 80.45.

Some brokers said foreign investors were responsible for yesterday's B share gains. Others, just as positively, said mainland Chinese investors were making the running.

AUSTRALIA fell as stronger employment figures shook the domestic bond market, the All Ordinaries index losing 13.7 at 2,062.8. Turnover expanded from A$337.8m to A$403.4m.

Broken Hill Proprietary, the steel, mining and oil conglomerate, strengthened in early trading to A$19.70 but closed after the jobs data at A$19.54, down 4 cents.

WELLINGTON dropped a percentage point as investors stood back ahead of Saturday's by-election in the South Island seat of Selwyn, which may make or break the government. The NZSE-40 index fell 20.91 to 2,067.19.

FT-ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY AUGUST 10 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY AUGUST 9 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (68)	175.97	-0.8	169.37	112.52	144.04	158.04	-0.5	3.49	177.33	170.81	113.44	145.85	158.87	189.16	139.24	143.65
Austria (17)	190.71	0.5	183.56	121.84	156.11	156.12	0.2	1.02	189.71	182.73	121.36	156.03	155.85	195.41	164.64	166.70
Belgium (37)	175.60	0.0	169.02	112.28	143.74	140.53	-0.4	3.93	175.61	169.16	112.34	144.43	141.10	176.76	143.82	146.81
Canada (105)	130.05	0.6	125.17	83.15	106.45	129.40	0.4	2.62	129.25	124.49	82.68	106.30	128.85	145.31	120.54	127.56
Denmark (33)	267.22	-0.7	257.20	170.87	218.74	225.74	-1.0	1.32	268.96	259.07	172.06	221.21	227.99	275.79	211.26	211.26
Finland (24)	163.66	0.8	157.53	104.65	133.97	178.06	0.5	0.79	162.33	156.36	103.84	133.51	177.21	164.23	104.28	109.85
France (97)	177.21	0.0	170.56	113.31	145.06	149.96	-0.5	2.93	177.23	170.71	113.37	145.76	150.71	185.37	159.13	159.14
Germany (58)	145.49	0.4	140.04	93.03	119.09	119.09	-0.1	1.74	144.94	139.61	92.72	119.21	119.21	147.24	118.21	118.80
Hong Kong (56)	389.72	1.9	375.10	249.19	319.02	386.54	1.9	3.13	382.40	368.34	244.62	314.51	379.28	508.56	286.76	291.38
Ireland (14)	205.73	-0.3	198.02	131.55	168.41	190.34	-0.2	3.25	206.31	198.73	131.98	169.69	190.70	209.33	161.54	167.66
Italy (61)	81.38	-2.5	78.33	52.03	66.61	96.42	-2.3	1.56	83.43	80.37	53.37	68.62	98.71	97.78	57.88	72.33
Japan (469)	164.16	0.4	158.00	104.96	134.38	104.96	0.4	0.73	163.48	157.47	104.58	134.46	104.58	170.10	124.54	157.88
Malaysia (98)	528.40	1.5	508.59	337.87	432.54	525.16	1.6	1.58	520.62	501.48	333.04	428.20	516.73	621.63	361.95	362.12
Mexico (18)	2198.15	-0.2	2115.70	1405.53	1799.32	8142.53	-0.2	1.64	2201.80	2120.84	1408.46	1810.89	8157.23	2647.08	1615.11	1643.59
Netherland (27)	212.69	0.3	204.72	136.00	174.11	171.76	-0.1	3.32	211.95	204.16	135.59	174.33	171.97	214.54	171.98	171.98
New Zealand (14)	70.88	0.5	68.23	45.32	58.02	62.96	1.0	3.80	70.53	67.93	45.12	58.01	62.34	77.59	56.96	57.96
Norway (23)	208.46	-0.6	200.66	133.30	170.65	194.90	-1.0	1.70	209.66	201.95	134.12	172.44	196.85	211.74	163.92	163.92
Singapore (44)	355.18	-0.3	341.85	227.11	290.75	248.58	-0.2	1.71	356.17	343.08	227.85	292.95	247.11	378.92	268.82	268.82
South Africa (59)	300.44	0.9	289.17	192.11	245.93	304.70	1.8	2.04	297.74	286.79	190.46	244.88	299.35	300.44	175.93	199.82
Spain (42)	146.76	0.1	143.19	95.12	121.77	146.29	-0.1	3.94	148.60	143.14	95.06	122.22	146.35	165.79	119.38	119.38
Sweden (36)	221.03	-0.8	212.75	141.33	180.93	254.46	-1.0	1.57	222.92	214.73	142.60	183.35	256.96	231.35	175.85	183.35
Switzerland (47)	160.46	1.0	154.46	102.61	131.36	131.96	0.4	1.84	158.93	153.09	101.67	130.71	131.48	176.56	127.57	127.57
United Kingdom (204)	199.28	0.0	191.81	127.43	163.13	191.81	-0.1	3.95	199.29	191.96	127.48	163.91	191.96	214.98	179.29	179.48
USA (519)	188.16	0.5	181.10	120.31	154.02	188.16	0.5	2.87	187.16	180.28	119.73	153.93	187.16	196.04	178.95	183.86
EUROPE (720)	173.24	0.0	166.74	110.77	141.81	156.59	-0.3	2.97	173.25	166.88	110.83	142.49	157.08	178.58	148.78	146.79
Nordic (116)	217.08	-0.5	208.93	138.80	177.69	213.11	-0.8	1.39	218.21	210.19	139.59	179.47	214.72	222.03	172.02	172.02
Pacific Basin (749)	173.02	0.5	166.53	110.63	141.63	115.36	0.5	1.05	172.20	165.87	110.16	141.63	114.84	176.88	134.79	161.42
Euro-Pacific (1468)	172.98	0.3	166.50	110.61	141.60	131.87	0.1	1.66	172.52	166.17	110.36	141.89	131.68	173.89	143.68	156.11
North America (624)	184.56	0.5	177.63	118.01	151.07	184.12	0.5	2.85	183.57	176.82	117.43	150.98	183.16	192.73	175.67	180.37
Europe Ex. UK (516)	155.42	0.0	149.60	99.38	127.22	135.66	-0.4	2.39	155.44	149.72	99.43	127.84	136.20	158.12	129.82	129.52
Pacific Ex. Japan (280)	259.88	0.8	250.14	166.17	212.74	232.02	0.9	2.76	257.84	248.37	164.94	212.07	229.92	298.21	196.65	198.65
World Ex. US (1651)	174.31	0.3	167.78	111.46	142.69	135.48	0.2	1.88	173.82	167.43	111.19	142.96	135.24	175.01	145.58	156.50
World Ex. UK (1966)	175.80	0.4	169.21	112.41	143.90	148.05	0.3	2.03	175.06	168.64	112.00	144.00	147.54	178.51	155.96	163.19
World Ex. So. Af. (2111)	177.11	0.4	170.47	113.25	144.98	150.87	0.3	2.22	176.47	169.98	112.89	145.14	150.46	178.56	158.54	164.51
World Ex. Japan (1701)	187.34	0.3	180.31	119.79	153.35	179.19	0.3	2.88	186.98	179.82	119.42	153.54	178.71	195.20	170.30	170.30
The World Index (2170)	177.88	0.4	171.21	113.74	145.60	152.00	0.3	2.22	177.22	170.70	113.37	145.75	151.64	178.97	158.85	164.64

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